Argentines put their money behind Alfonsin, Page 5

No. 29,661

Friday June 28 1985

D 8523 B

World news

Business summary

improved. Page 44

TIN: Sharp fall in values on the

London Metal Exchange was re-

stricted by a limit on movements in

Page 24; Commodities, Page 40

WALL STREET: At 3pm the Dow

Jones industrial average was up 8.96 at 1,332.77. Page 48

FRANKFURT shares recovered

some of the losses of the previous session, taking the Commerzbank index up 11.50 to 1,411.2. The bank

also restated Wednesday's loss as

33.5, not the 60.30 fall it had previ-

TOKYO was hit by profit-taking and the Nikkei-Dow market aver-age dropped 68.69 to 12,841.60. Page 46

DOLLAR was firm in London, rising to DM 3.059 (DM 3.043), SwFr 2.564 (SwFr 2.5325), FFr 9.3175 (FFr 9.2725) and Y248.95 (Y248.4). On

Bank of England figures, the dol-lar's exchange rate index rose from 144.3 to 144.6. Page 41

STERLING lost 60 points against the dollar in London to finish at

\$1.2925. It also lost ground to FFr 12.04 (FFr 12.05) and ¥322.0 (¥322.75), was unchanged at DM 3.955 and improved to SwFr 3.3125 (SwFr 3.295). The pound's exchange rate index was unchanged at 80.6.

GOLD: In New York the Comex Au-

gust settlement was 5319.00. Gold fell \$0.25 on the London bullion

market to \$317.00 and by \$1.25 in Zurich to \$316.00. Page 40

FRENCH Government watchdog the Cour des Comptes, has sounded

warnings about the financial state

and structure of three state enter-

prises, Aerospatiale, Gaz de France

FRANK B. HALL, U.S. insurance

broker, is raising around \$28m through a private placement of 6.3

per cent of its equity with European

institutional investors at \$28,375 a

MILLS & ALLEN, London money

broker and financial services group, is to buy Gintelco, New York-based

corporate bond broker, for an initial

\$20m, and up to \$5.5m more based on the U.S. group's profits over the next three years. Page 33; Lex, Page

LUFTHANSA, the West German

airline, is on the verge of signing a contract worth more than \$400m for

up to 15 of the new European Air-

bus A-320, 150-seat twin-engined

ENSERCH, U.S. engineering and

energy conglomerate, is taking a \$225m pre-tax write-down on its oil-

field services operations, which have operated at a loss in every

ELDERS IXL, wide-ranging Australian conglomerate, concedes that

it will have to surrender majority

control over the retail bank it hopes

to set up if federal approval is granted. Page 29

CITIBANK, U.S. banking group, plans to have branches in 10 West

German cities by the end of this

year to strengthen business ties

quarter since late 1982. Page 25

ously reported. Page 48

US budget London deficit equities talks recover from low resume

Negotiations between members of the U.S. Sennte and the House of Representatives over the shape of the 1986 inderal budget deficit re-LONDON equities lost further ground. By mid-afternoon prices were down to their lowest levels since December 13 with traders in-creasingly pessimistic. After-hours sumed unexpectedly after Thomas O'Neil, the Demogratic House Speaker, signalied a willingness to compromise on the key issues of military and social security spendsentiment changed quite dramati-cally and a technical recovery touched off renewed demand. The FT Ordinary index fell a further 2.8 to 933.9. Gilts were firm as sterling

The resumption of the talks, which reached deadlock earlier in the week, was announced as the Reagan Administration's budget di-rector, David Stockman, met with the cash price. Standard grade cash tin fell c650 (\$825) to £9,675 a tonne, more than wiping out £435 rise to a record £10,325 on Wednesday. Republican majority leader Senator Robert Dole and Pete Domenici, Republican chairman of the Senate

The signs of movement on a budget compromise coincided with the release of a study by the Congressional Budget Office which has reinforced fears that President Ronald Reagan's proposed tax re-forms could cut at least \$23bn from the Government's revenues over the next four years. Page 5

Bush warning

U.S. Vice-President George Bush warned the European Commission of the strength of political pressure within the U.S. for a more aggres-sive agricultural trade policy. Page

Grenada trial

The trial of 19 former left-wing leaders accused of murdering Prime Minister Maurice Bishop of Grenada was adjourned. The de-fence said they were being inhu-manly treated in prison.

S. Africa Ilnk cut

Sweden, Norway and Denmark announced plans to end their civil aviation agreements with South Africa as a further sanction against apartheid. Page 2

Diplomat expelled

Syrian diplomat Ahmed Walid Rajab, who claimed diplomatic immunity to avoid a court order to quit a Britain, the Foreign Office an-

Italian kidnapping

Gunmen abducted Marquise Isabella Guglielmi, a member of an Italian noble family, outside the family estate north of Rome.

U.S. labour setback

The U.S. Supreme Court dealt a setback to the labour movement by ruling that workers have the right to resign from a union during a

Sudan troops

Sudan has put its troops on full alert in the southern military area of Equatoria after rebels said they were preparing to attack the Bor

Submarine search

A British nuclear submarine hunted in vain for the flight recorders from the Air India jumbo jet that plunged into the Atlantic, killing

Airline bomb scare

Police searched a Canadian airliner in transit at Paris on its way from Munich to Toronto after a bomb

Newspaper strike off

Printers and journalists voted to end a nine-day strike which hit production of Ropert Murdoch's flagship national newspaper The Australian after e court ordered unions to negotiate with management.

EEC union poli

More than half of EEC adults are indifferent or opposed to moves to-wards political union, according to a profit in 1985 and lift sales over DM wards political union, according to a poil sponsored by the European Commission.

Paris and Bonn try to win back lead EEC role

BY QUENTIN PEEL IN BRUSSELS AND RUPERT CORNWELL IN BONN

in Paris by a spokesman for Presi-dent François Mitterrand. It will be the creation of a new secretariat. seen by other heads of government. An additional ingredient was a proas e bid to regain some of the initiative on the development of EEC pol-icies and procedures which has been lost to Britain's active, and quite successful promotion of its own set of proposals.

Sig Bettino Craxi, the Italian Prima Minister and host of the twoday summit in Milan, has placed the whole subject of institutional reform – including the plan to call a fully-fledged conference to draft a Treaty of European Union - top of

All the heads of state and government have pledged themselves to come up with firm proposals for reform, rather than a vague exhortation. Wide differences remain, however, about how far they are pre-pared to go, either to ahandon national sovereignty or to extend the present economic competence of the Community into the political do-

BY PAUL CHEESERIGHT IN LUXEMBOURG

Herr Friedrich Zimmermann; the car manufacturers working on new

This was the first clear indication that the Bonn Government is prepared to face the wrath of the Gerclear that the commission proposals

man environmental lobby and ac- are too strict and do not meet key

Interior Minister, told EEC environ- ranges for the 1990s.

nent ministers meeting in Luxem-

bourg that proposels on future emission limits for carbon monox-

ide. hydrocarbons and nitrogen ox-

ide presented by the European

ommission were "sensible."
This was the first clear indication

FRANCE and West Germany yesterday attempted to resume their
roles as principal architects for the
development of the European ComNeither Paris nor Bonn provided
any details of their plan, but Chenroles as principal architects for the
development of the European Com-

heads of government.

There were differences of emphasis in yesterday's public statements from Paris and Bonn as to whether from Paris and Bonn as to whether any major changes should be negotiated by a full-blown inter-governmental conference charged with drawing up a new treaty. This is favoured by Italy and the Benehix countries as well as the European parliament, but mildly opposed by the UK — backed by Greece and Denmark — which be severed at necessary reforms can be agreed at

Chancellor Kohl favoured devoting a maximum of 12 months to trying to reach unanimous agreement. If the effort failed then "the question will arise of whether we should have more direct talks with those countries which are ready to pro-

Bonn relaxes insistence

on strict exhaust rules

The key document for debate is the report of the Dooge committee commissioned 12 months ago at the Fontainebleau summit from the personal representatives of the 10 EEC leaders.

The majority of the committee, including all six representatives of the original EEC member-states posal for creating a small secretar-iat to serve the European Council -the thrice-yearly meetings of EEC came down firmly in favour of call-ing an inter-governmental confer-ence to draft e Treaty of Union, and

of national veto. Britain has tabled a series of proposals for Milan, including mea-sures for increasing the use of majority voting, for making the use of "vital national interests" to block decision-taking more difficult, and e draft agreement to formalise foreign policy co-operation, including security questions.

Mrs Thatcher will argue that de-

cisions could be taken on those measures by the heads of state themselves, without calling any conference. They could be referred to relevant national officials for drafting in detail, with final approval to be given at the next EEC summit in Luxembourg in December. . The British proposals, however, fall far short of the ambitions of the

try to bridge the gap.

But they were conscious that any plan which implies a relaxation

would run into implacable opposi-

tion from Denmark, whose position,

spelt out again yesterday, remains the one with which the Germans

buy EBC from Ebic partners

Amro to

By David Lasceties in London and Leura Raun in Amsterdam

AMRO, the Netherlands' second largest bank, is to buy European Banking Company (EBC), the London merchant bank owned by the Ebic consortium. The price is believed to be £25m-£28m (\$32.3m-\$33.6m).

Through a complex chain of linked deals, the purchase will enable Midland Bank of the UK to comply with an order by the Federal Reserve Board of the U.S. to cut its stake in European American Bank of New York, which is also owned by the consortium of which Midland is a member.

As a condition for buying Crocker National Bank in 1980, Midland had to reduce its interest of 20 per cent

to below 5 per cent.
Amro said yesterday that the acquisition was a major step to strengthen its position in the international securities markets. EBC plays an active part in the Euro-markets and recently attracted attention by sterling to make markets in a select group of European equity

Mr F. Hoogendijk, a member of the board, also said that the bank was "a good vehicle" to participate in the city of London revolution Trading on the London Stock Exchange was an aim, be said, although not the most important.

The purchase dovetails with Amro's recent efforts to focus more on international wholesale banking. Although Amro has e bigger domestic branch network than its larger rival, Algemene Bank Nederland, it has a smaller overseas presence. Amro intends to merge its exist-ing London merchant bank, Amro International, with EBC.

The deal was triggered some time ago by Midland's need to sell out of European American Bank. Under a complicated arrangement, Midland has sold just over 15 per cent of its take in the New York bank to other Ebic members in return for their WEST GERMANY yesterday cept standards which hitherto it has criteria in an agreement of last sought to bring an end to the EEC classified as too lax.

March—that the standards be flexishare in EBC. Midland thus became the sole owner of the London bank squabble over new standards for The German epocession came his enough to allow them to be met and sold it to Amro.

cutting pollution from car exhausts early in negotiations visich are cru- not only by three-way catalytic con-The deal also frees £26m in by relaxing its insistence on envircial in maintaining the integrity of verters as West Germany wants, onmental measures too strict for the European car mu act and in estimated but also by new "lean burn" entablishing technical guidelines for cities. much-needed capital for Midland in the wake of the heavy losses it has As the meeting continued into the fits its strategy of pulling out of evening, the Ten were waiting for e joint plan from Italy, president of businesses where it does not have the council, and the commission to

The members of Ebic are Midland bank, Amro, Deutsche Bank. Société Générale of France. Génrale Bank, Creditanstalt Bankverein end Banca Commerciale Italia-

Citibank expands in Germany, Page 25

Hostage crisis nearing end, says Berri

BY TONY WALKER AND NORA BOUSTANY IN BEIRUT, DAVID LENNON IN TEL AVIV AND DAVID HOUSEGO IN PARIS

Mr Berri, speaking to reporters yesterday shortly after a meeting with a French diplomat, comment-

ed: "I am waiting for an answer. Until now 1 have not received an answer from the U.S. Government. But I think that we are at the end of

United Nations, said after tanks in United Nations, said after tanks in Tel Aviv with Mr Vitzak Rabin, Israel's Defence Minister, that Mr on Wednesday that Amal must release all 46 American hostages, which included seven kidnapped in which included seven kidnapped in the past 15 months. cial added that the "French option is definitely dead." The optimism of Mr Berri, who

bas accepted responsibility for the U.S. bostages seized from a TWA flight two weeks ago, appears to be based on the French response to his suggestion that the Americans would be transferred to a Western embassy in Beirut pending the release of more than 700 southern Lebanese beld in Israel.

Mr Berri later added in an American television interview that the hostages could be in an embassy or the U.S. within 72 hours.

The French government has reacted cautiously, repeating its willingness to provide a sanctuary for the hostages in Beirut but warning that it would not be a negotiator

to Mr Nabih Berri, leader of the Shia Amal militia in Lebanon.

Mr Berri creaking the end, according for the jailers of the hostages and stressed that they had to be a stressed that they had the stressed that the stressed that they had the stressed that they had the stressed THE AMERICAN hostage crisis in or mediator. A spokesman said that

M Roland Dumas, French Foreign Minister, earlier recalled that both the U.S. and France had coodemned the transfer of Shia prisoners to Israel as being against inter-national law and the Geneva Con-

this thing."

However, Mrs Jean Kirkpatrick, the former U.S ambassador to the lic silence over the delicate negotiations taking place since Mr George Constant of State, said late Meanwhile Israel appeared to be increasingly resigned to freeing the Lebanese prisoners it was holding. If agreement could be reached between Mr Berri and the French Government to transfer the hostages to the French embassy in Beirut, the assessment in Jerusalem was that Israel would have no choice but to release the prisoners if that was the price of the deal.

Israel feels that a continued refusal at this stage to free the 735 Lebanese held in Atlit prison near Haifa would cause further harm to its relations with the U.S. The hos-

Continued on Page 24 French relations with Lebanon, Page 2

UK shows surplus on visible trade

BY MAX WILKINSON, ECONOMICS CORRESPONDENT, IN LONDON

BRITAIN earned a surplus on its oil imports after the return to work trade in goods in May for the first by Britain's miners.

Britain's visible trade account ing to official figures released yes- moved into a substantial surplus from the summer of 1980 as oil pro-

This helped to push the current of 1983 rising imports, particularly account of the balance of payments of manufactured goods, had wiped into a substantial surplus of £724m out the oil surplus. (\$941m). In the first five months of Rritain reverted is estimated to have been in surplus by just over £1bn, compared with a surplus of £820m for the whole of last year.

The surplus on trade in goods was C224m in May with an additional surplus estimated at £500m on invisible trade.

The improved trading performance reflects a steady increase in non-oil exports and a reduction of

on visible trade. High oil imports during last year's miners' strike accentuated this change.

In May, however, the surplus earned on oil trade recovered to £840m, against an average of £530m a month in the strike.

duction built up, but by the spring

tional pattern in which a surplus on

invisible earnings paid for a deficit

Bank of England Quarterly Bulletin, Page 8

Italy 'must take urgent action to cut borrowing and inflation'

The Bonn Government needs a

rapid EEC agreement so that it can

introduce, legally, e battery of in-

centives to encourage car buyers to purchase "clean" cars from July 1.

BY PAUL BETTS IN PARIS

ITALY must take urgent action to reduce its huge government bor rowing requirement and bring down inflation durably to prevent the country's economic situation de teriorating, the Organisation for Economic Co-operation and Development (OECD) warns in its annual review of the Italian economy, published today.

The OECD is especially worried that Italy may be tempted to delay reinforcing its readjustment poli-cies in the face of political obstacles tougher economic mea-

The Paris-based organisation says, however, that unless adjustment policies are stepped up quickly the Italian economy will suffer and unemployment will worsen.

medium-sized companies. in economic growth in Italy this requirement will remain unacceptyear after real growth in gross domestic product (GDP) of 2.6 per cent
last year. This slowdown would inevitably lead to more unemployment. There would also be less means that further economic ad-ROBERT BOSCH, West German electrical and vehicle parts group controlled by a charitable trust, ex-20hn (56.5bn) for the first time. Page 25 year because of the uncertainties report says.

OECD FOREGASTS FO		ONOMY	
	1984	1985	1985
Total domestic demand	3.1	21/2	1%
Exports of goods and services	6.3	5	414
imports of goods and services	9.7	6%	414
GDF at market prices	2.5	24	1%
Industrial production	5.2	2%	2%
Consumer prices	10.9	814	7%

surrounding prices and incomes

In turn this will mean a worsening in the country's external com-petitiveness leading to a similar current balance of payments deficit rates in the short run because of of \$2.8bn this year as in 1984 after a the need to inhibit domestic de-

Source: OECD The OECD expects that short term regulation of the economy will again rely on monetary policy. It alstantial lowering of real interest

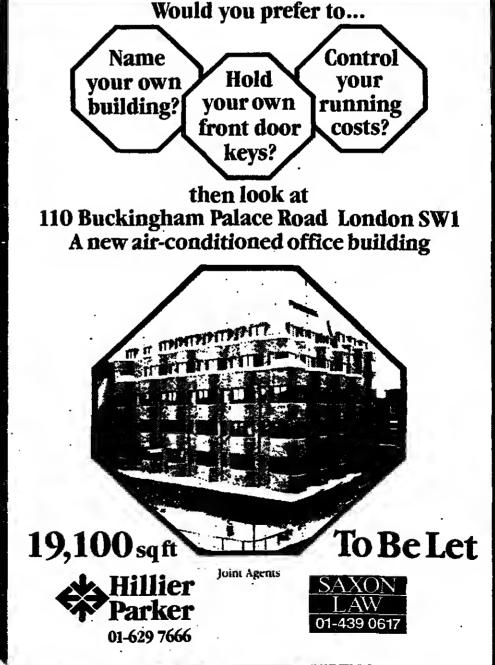
money supply. High in erest rates have also had the effect of increasing the debt ser-

\$800m surplus the year before. mand to hold down the external def-The country's debt burden is icit, finance the current deficit and

again expected to increase while The OECD forecasts a slowdown the general government borrowing progress on the inflation front this justment steps must be taken, the

generate sufficient financial savings to cover the general borrowing requirement without increasing

vice burden and thus the general Continued on Page 24 Editorial comment, Page 22



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that lack real reform 3 for parliament 23 Argentina: the people put Lombard: seat-of-the-pants

Management: McDonald's in Lex: THF; Mills & Allen; the UK and Japan 14 Amro 24

France's relations with Lebanon run deep

BY DAVID HOUSEGO IN PARIS

THERE WAS nothing strange larger number of American posal by Mr Nabih Berri that not the same indignation in the American hostages should France as there was in the U.S. be given temporary refuge in the French emhassy. In the long the subsequent American pull-agony of Lebanon's wars and out from the country which civil wars, France has time and forced a French withdrawal as again been drawn back into the well. rale of umpire, relief worker or

bloc economic grouping. In the

Comecon offer for a resumption of talks with the Common

Market on some form of mutual

agreement. Co-operation agreements were signed on develop-

ever, noted the recent cails by Mr Mikhaii Gorbachev, the Soviet leader, for radical improvements in the way the Soviet economy is managed, at

economic endeavours was left to Mr Nikolai Tikhonov, the

Soviet premier, and the Polish

delegate gave Mr Gorbachev a

troops were killed—there was French anger was reserved for

ole of umpire, relief worker or recently when Shi'ites began killing Christians in the After the Israeli invasion of wake of the Israeli withdrawal Lebanon in 1982, it seemed from the south, M Andre Fon-natural to French public opinion tains, the editor-in-chief of Le that French troops would be Monde, wrote one of his rare called on to play a substantial editorials under a front page role in the multinational peace—banner headline of "SOS role in the multinational peace-banner headline of "SOS keeping force that intervened Lebanon" and called for more between the Israeli and Syrian energetic intervention.
forces. "Why does not France," he

When S8 of the French soldiers were killed in a bomb outrage in Beirut in 1983—at the same time that an even why does not rrance, ne asked "whose passivity causes despair amongst the Lebanese press for a larger UN presence."

In recent history, French

ment for Vietnam on prices inside Comecon.

growing imperialist threat. Such calla usually send a

tremor of anxiety throughout

Comecon is managed must be implemented if integration is to

be achieved. Mr Lubomir Strougal, the Czecb Prime Minister, hinting at the need

SPEECHES DELIVERED at a and revealed that Vietnam was

meeting of Comecon prime behind with debt repayments to ministers which ended here yes comecon. He appealed for a terday have revealed a wetter rescheduling agreement, fresh of problems facing the Soviet credits and preferential treat-

on technology.

speeding up of integration in
They also upheld the latest what he called the face of the

But speech after speech tion but, with an eye to his showed that almost ail the ten country's vital economic links member countries have either with West Germany, stressed

bilateral problems with other that trade with all countries was

members or are unhappy with still to be encouraged.
the work of Comecon as a But it was the Czech delegate

thole, who soberty pointed out that Few of the delegates, how radical changes in the way

First World War and the setting up of a French protectorate for Syria and Lebanon in 1916. But long before that the French had promoted schools and French culture in the country and there were extensive contacts between the French

Catholic Church and the Lebanese Christian community. Since the Second World War since the Second world war and the independence of Lebanon, France has always felt it had a role to play in protecting Lebanon's delicate confessional balance and in supporting the Christian supporting community.

When the civil war began in the mid-1970s. France often spotted that trap a found itself caught in the cross mined to avoid it.

intervention in the Lebanon fire of the feuding factions and dates back to the collapse of of the rivalries of Middle East the Ottoman Empire in the states for influence in the ambassador M Louis Delamare in 1981—presumably killed hy Syrian agents—and currently bas two diplomats and a journalist beld hostage by the Shi'ites.

> Public opinion in France is not against the French embassy being used for humanitarian

But it would certainly he against France being drawn into a role of holding the hostages in the place of the Shi'ite community while negotiations are being pursued with Israel. M Roland Dumas, the French foreign minister, has spotted that trap and is deter-

Comecon premiers end Moscow hints at trade agreement with Brussels summit in Warsaw

BY DAVID BUCHAN AND PATRICK COCKBURN IN MOSCOW

THE SOVIET UNION might he said Western Europe had prepared to cooclude a trade become a key, indeed "lrreagreement with the European placeable" partner for the Community, if the recent Soviet Union. Community, if the recent Comecon initiative for talks with the EEC were first to lead to a general deciration establishing main, the prime ministers inside Comecon.

Mr Tikhonov, for his part, demanded improved quality in demanded advances in Comeand radical advances in Comeand content of the call for a product of the call for a demanded in the call for a de political recognition and official contacts between the two trading organisations of Europe, a aenior Soviet trade official said

yesterday. Mr Leonid Lokshin, deputy head of the Soviet foreign trade department dealing with Western Europe, said a general the Eastern European countries which are keen to maintain tradiog links with the West. Comecon-EEC framework accord ments were signed on developing flexible computerised production systems and on utilising
natural gas as fuel for motor
publicles.

The East German delegate,
for example, echoed the Soviet
demand for increased co-operademand for increased cowould open the way for Comecon member-countries to negotiate their own separate trade arrangements with Brussels. So far, only one of the Soviet trad-ing bloc's 10 members, Romanla,

has done so. After a four-year lapse in Comecon-EEC contacts, Comecom presented the EEC Commission, via the Polish Ambassador In Brusseis, with a letter on June 14 asking for early talks with the EEC and suggesting bloscow, where the Comecon Secretariat is based, as the venue. The EEC Council of Ministers has since requested the Commission to prepare a

the first Comecon meeting for a transferable Comecon since the new Soviet leader was currency, noted that a realistic installed.

Praise for Mr Gorbachev's lished If Brussels were to agree to block-to-bloc accord, "then a block-to-bloc accord, "then we would not exclude reaching ports to the EEC meant that our own separate trade arrange ment with the EEC," Mr East European allies by EEC Comecon, be impiled, must begin to operate exchange rates linked to domestic prices if Lokshin said.

integration was to work. He reminded the delegates that The Vietnamese premier. Mr
To Huu, also went into detail about his country's efforts to improve management efficiency "general principles."

Integration was to work. The leading said.

Because of the nmeliability some of the manifactured of the U.S. as a trading partner imports into the Community, and a recent decline of interest. Mr Lokshin went on steel, textiles and reminded the delegates that decline of the U.S. as a trading partner imports into the Community, and a recent decline of interest. Mr Lokshin went on steel, textiles and reminded the delegates that decline of the U.S. as a trading partner imports into the Community, and a recent decline of interest. Mr Lokshin went on steel, textiles and reminded the delegates that decline of the U.S. as a trading partner imports into the Community, and a recent decline of interest. Mr Lokshin went on the community and a recent decline of interest. Mr Lokshin went on the Community and a recent decline of interest. Mr Lokshin went on the Community and a recent decline of interest. Mr Lokshin went on the Community and a recent decline of interest. Mr Lokshin went on the Community and a recent decline of interest. Mr Lokshin went on the Community and a recent decline of interest. Mr Lokshin went on the Community and a recent decline of interest. Mr Lokshin went on the Community and a recent decline of interest. Mr Lokshin went on the Community and a recent decline of interest.

With its incorporation of Spain and Portugai, the EEC would account for nearly 70 per cent of Soviet trade with the industrialised West, which last year totalled some roubles 50bn (546bn) in both directions.

Formal recognition of the EEC woold mark a major change in the policy of the Soviet Union, which for a long time after the EEC's formation sought to ignore it as an institu-

But Mr Lokshin said there bad been a gradual evolution in the Soviet attitude, begin-ning with acceptance of the ning with acceptance of the EEC as a co-signatory of the 1975 Helsinki Accords and developing more concretely with officials of Soviet foreign trade organisations and the EEC Com-mission travelling to Brussels and Moscow to sort out indi-vidual trade problems.

In almost 100 per cent of cases, Soviet officials had managed to resolve problems, such as dumping allegations, satisfactorily in Brussels, be added.

The preponderance of energy restrictions on steel, textiles and

Community Madrid plays favourite parlour game of guessing new Cabinet status for joint

companies ish Prime Minister, travelled yes-terday to Milan to attend, for the tertay to anan to attend, for the first time, an EEC summit and, as a parting gift, he gave Madrid's politi-cal establishment the opportunity to indulge in its favoured parlour By Paul Cheeseright In Luxembourg THE EUROPEAN COMMUNITY

yesterday took a sheet out of the game - forecasting the composition of the new cabinet. French law book and enacted a Sr Gonzalez has told his 17-memmeasure designed to encourage and simplify the setting up of joint com-panies across national borders. ber ministerial team that he intends to carry out a reshuffle next The Council of Ministers formally week. He has asked his ministers to

agreed in Luxembourg to a statute establishing the European Econom-ic Interest Grouping (KEIG), in or-der to provide a Community status remain within reach of a telephone and has said that they will all see each other again next Wednesday in what will be the final meeting of for companies from more than one the present Government. The Government spokesman said

The EEC countries have four yesterday that Sr Gonzalez seeks "a new cabinet image" and "a new gov-ernment dynamism" well in advyears to adapt national legislation, allowing new EEIGs to be reg-istered and have a Community legal ance of general elections which are scheduled for next summer.

Sr Gonzalez: has maintained in-

status after July 1 1989. The EEIG is based on the French concept of a partnership in its dealtact the same Cabinet which was sworn in alongside him when he took office in December 1982 there. ings with third parties and in terms of the liabilities of members of the by constituting a remarkable en-An EEIG would most likely be durance record for a single government in Spain. In the six years be-fore Sr Gonzalez some 70 ministers

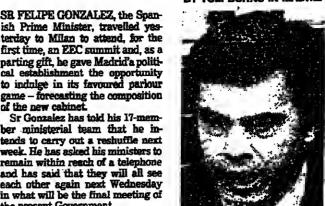
subsidiary of companies in differ-ent EEC countries. It would not, under the new measure, be able to seek investment from the public. Rather, it would be the result of a contract between the parents. It could be registered in any EEC state and the fact of the registration would be published in the Commu-nity's official journal.

Although a legal entity at the Community level, an EEIG operating in a member-state would be subject to the normal national rules covering any economic activity. It would not, for example, be exempt from local social security legisla-tion. It would not be able to escape, say, a wage freeze.

Netherlands visit for Nato chief

LORD CARRINGTON, Secretary General of Nato, said yesterday that he firmly believed the Dutch Government would ahide by its decision in June 1984 to deploy nudear missiles, writes Laura Raum

in The Hague.
The Nato leader - who described his visit as a routine call - was in Wassenaar and The Hague for talks with Mr Ruud Lubbers, Prime Min-ister of the Netherlands, Mr Hans van den Broek, Foreign Minister. and Mr Joop de Ruiter, Defence



Sr Felipe González

ebete is whether Sr Gonzalez intends a big "crisis" or a small one, whether lesser ministries, the public works and the transport portfolios for example, will be affected, or whether the senior jobs of foreign affairs, the economy, and defence will have new incumbents.

Most pundits agree that the new Cabinet will strengthen the position of Sr Miguel Boyer, the Economy Minister and the architect of the financial austerity policy. Heading most lists of "outs" are the trans-The Spanish codename for Cabiport and the public works ministers
who bave recently been at loggerdramatic ring to it. The immediate heads with Sr Boyer.

But there are some who say Sr Boyer would like to guit and perhaps become an EEC commiss er. There is consensus that Sr Gonzalez wants a political heavyweight

Sr Fernando Moran, the Foreign Minister, is also fancied as a future member of the European Commis sion, in which case Sr Boyer would stay at his post, take on the foreign affairs job, or, if he really wants to quit Madrid, go to Paris as ambas-

Whether Sr Boyer stays or goes there will be no change in his basic guidelines. The favoured candidate for the economy "super ministry," should there be a vacancy, is Sr Mariano Rubio, the governor of the Bank of Spain, the central bank,

and Sr Boyer's closest associate.

There are endless other permutations. Sr Narcis Serra, the Defence Minister and a staunch pro-Nato lobbyist, is talked of as a possible Foreign Minister and so is Sr Jose Maria Marvall, the Education Min-

What is tantalising is that nobody really knows what the Government will look like this time next week except Sr Gonzalez himself. The Prime Minister is notorious for keeping his political cards close to his chest.

A a result, the parlour game is played with more enthusiasm than

Agreement near on product liability law BY IVO DAWNAY IN BRUSSELS

THE FINAL touches to a new EEC complainants to manufacturers.

held office and reshuffles were of-

ten little more than rounds of musi-

cal chairs to offset political rival-

product liability directive are now in place allowing substantially im-proved rights of redress for conumers injured by faulty goods. Technical points still outstanding

on the new law - agreed in princi-pal by Consumer Affairs Ministers in Brussels last month - have been all but completed this week, despite continuing protests from many sectors of EEC industry. A last ditch effort by industry to

halt the plan may still be mounted, but observers in Brussels believe that it is now probably too late for

EEC consumer groups as an "histor- attention given to consumer interic victory," is most contentious in its ests in Community decision-makshifting of the onus of proof from ing.

Victims of faulty goods would in future beve an automatic right to compensation, while past practice has required them to prove the makers liability. The plan also incorporates the broad principle of unlimited liability on companies, although member states may impose an Ecu 70m (\$51m) ceiling on

damages if they wish. In a separate development, the European Commission has also released a new discussion document on the future of EEC consumer protection policy. This is aimed at takany major revisions. ing new initiatives to harmonise
The draft directive, welcomed by safety standards and increese the

Irish gas find 'is significant'

By Our Dublin Correspondent IRELAND'S Energy Minister and Deputy Prime Minister, Mr Dick Spring, has reacted enthusiastically to the news of a gas discovery off the Cork coast.

Earlier, BP had confirmed that flow rates from a well 14 miles from the mainland were "encouraging but that an assessment of commer cial viability would have to await detailed evaluation of results and the possible drilling of appraisal

In a comment from the U.S., where he is on a promotional tour, Mr Spring said the discovery was the first significant gas project in the area since the Kinsale field, from which gas is currently being piped to Dublin and Cork. That field has a capacity of 1.35 trillion cubic

South Africa air link cut

By David Brown in Stockholm SWEDEN, Norway and Denmark yesterday announced plans to terminate their civil aviation agreements with South Africa, in a further international sanction against

apartheid. The move forces SAS, the Scandinavian airline, to cut, its weekly air links between Copenhagen and Jobannesburg via Nairobi.

"Our lotent is to further isolate the apartheid regime in South Africa and to encourage other countries to take similar action," said Mr Mats Helström, Sweden's Trade

Minister. Public opinion in Sweden has swung sharply against the South

EEC warned on farm trade

BY QUENTIN PEEL IN BRUSSELS

President, vesterday warned the cultural trade policy.

At the same time he sought to al-

star wars research programme. In more than an hour of talks with M Jacques Delors, the Commission President, and M Willy de markets. Clerg, the Commissioner responsi-

the American people particularly sult of the loss of overseas markets, technology drain from Europe,

INTERNATIONAL

MIR GEORGE BUSH, the U.S. Vice- resulting from the state of agricul- both sides recognised the importure," according to a U.S. official. European Commission about the strength of political pressure within the U.S. for a more aggressive agricerum farm trade but also steel, trade war - the U.S. decision to imwas an important topic in the dis-

lay European fears aboot a pussuant technology drain from Europe caused by the U.S. Strategic Decaused by the U.S. Government reasons for the U.S. Government rea plan to provide some \$2bn in export subsidies for cereals, to compete with EEC grain oo international

While the Vice-President warned

APPOINTMENT

tance of resisting protectionism.

citrus. However, a U.S. official insisted that Washington remains "prepared to negotiate a settlement to this dispute," which has resulted in EEC

retaliation against U.S. On the subject of SDI, M Delors the for external trade, Mr Bush that the upsurge in U.S. domestic spelt out his own fears that the pro-stressed the very fragile mood of political pressure was largely a re-gramme could result in a one-way

INTERNATIONAL MINING

Baird restores some polish to the world's biggest nickel group

BY GEORGE MILLING-STANLEY

pose up to 40 per cent tariffs on Italian and other EEC pasta exports, as part of its attack on European preference for buying Mediterranean citrus.

MR CHARLES BAIRD, chait-during which capacity had been increasing rapidly and that was not enough.

Citrus.

MR CHARLES BAIRD, chait-during which capacity had been increasing rapidly and that was necessity, and is now selling its the new realities of the 1980s, expertise in methods of bulk notably the exceptional strength mining and continuous operation to other companies.

Mr Baird offers no apology over an era in which the com-pany has lost almost U.S.\$1bn, cut its annual dividend pay-ments from 69 cents to 20 cents and reduced its workforce by more than a third to 22,000.

The prospect of turning Inco into the kind of mining company which deserves to survive the 1980s was a daunting one, but Mr Baird met the challenge head on and is oow beginning to see some reward for his

inco returned to profits in the fourth quarter of last year, although the group still recorded an overall net loss for 1984 of \$77.3m. The profit improved in the first three months of this year, further gains are in prospect for the second quarter, and Mr Baird is confident that Inco will be back in the black for 1985 as a whole. While in no sense minimis-ing the difficulty of what he

has had to do to reach this position. Mr Baird brings to his analysis of the tasks which faced him a perspective not given to many to share. Asked whether, at 62, Mr Baird might now be tiring of the struggle to keep Inco affoat,

he points out gently that the past four years cannot really compare with his 18-month stint compare with his 18-month stint as Under-secretary of the U.S. Navy during the Vietnam war.
"Things were a lot tougher then." he says quietly, "with America losing 200 men every week. Nothing you did could possibly be an adequate response."

Mr Baird was an officer in the

U.S. Marines during both World War II and the Korean War, and his description of the situation which faced his be-leaguered group has the air of a despatch from the frootiine of some economic battleground. "The recession in the U.S. started in 1980 and lasted in

most of the countries in the Organisation for Economic Cooperation and Development until the beginning of 1984. That is unlikely to be paralleled in the forseeable "As far as the nickel business is concerned, it was the first occasion since the end of the

Second World War that we bad more than one year of reduced consumption at a sale and we had three in a row. All this came at the end of a decade

the industry faced a sort of pincer attack from the free market, which was beightened when the London Metal Exchange opened trading in its mckel contract in April 1979. For a long time, the nickel producers succeeded in main-

taining an average premium in the prices they realised through direct dealings with their con-sumers of something like 20 cents a lb over those ruling on the open market.

This was a considerable achievement in the face of constant pressure from buyers to allow prices to fall into line with

those available in the terminal market. Yet the other arm of the pincer was, if anything, even more vicious. Whenever there was a real

shortage of the metal in the market, driving spot prices well above those which could be obtained by buying direct from the producers, Mr Baird says that Inco kept faith with the market and bald its market. its customers and beld its prices

the growth of trading on the free market has effectively destroyed the fixed producer price system, the miners find themselves selling at a discount All attempts on the part of the producers to impose any sort of premium for security of supply are met with howls of protest, and have to be aban-doned as Impracticable. "Our lives would be easier if there were no LME," Mr Baird concedes. "It really has made an enormous difference.

That loyalty bas not been

repaid, however, and now that

As a small terminal market, the LME always tends to reflect the excesses, to exaggerate the trends, and a relatively small amount of selling affects prices out of all proportion." Mr Baird characterises the period 1980-84 as "tough," but

rewarding." The necessary
"downsizing" was completed
successfully — "not without
some trauma, but in the most bumane way possible," is how he puts it. As a consequence, the group bas lost some degree of flexibility in its mining operations, but that seems a small price to pay for the great advances in cost-effectiveness the new methods now in place represent. In fact, Inco bas made a

Charles Baird: "You are

taking a huge risk when you set out to rape the earth"

made reflect his approach ever

since he joined the company in

1969. He felt that mining was basically a materials bandling

as such throughout.

and be has treated it

The new techniques, which have made a significant contribution towards reducing Inco's break-even price from \$2.60 a lb as recently as 1982 to around \$2.10 today, will stand the group in good stead for the future. And Mr Baird is confident that there will be a future—"I don't helieve the world will ever be able to get by without metals." He attaches no great importance to the somewhat artificial notion of break-even prices, pre-ferring to strive for an appropriate return on equity. "If the analysts are right and we make a net profit of aome-thing like \$75m this year, that would still be a return of only

perhaps 10 per cent, and given our high gearing that is in-adequate." Mr. Baird says. "In today's conditions, when we are at or near the peak of the cycle. we should be seeing a 15 to 18 per Cent return. The figure was over 20 per cent during the 1970s." With commendable candour, he offers no defence against the

charge that much of the North American mining industry was

tion to other companies.

Mr Baird is not insensitive to the romance of mining—"you are taking a huge risk when you nickel production, as a number of other mining companies persent of the companies persent of the companies persent of the companies of the compan Mr Baird offers no apology are taking a huge risk when you set out to rape the earth," he says, "it is still a dangerous business." But the changes ceived to be one-product outfits have tried to do.

"The focus of our efforts has been to make or core business work and to regain our finan-cial strength," be explains: "We are determined to make a success of what we have now, to make those assets more produc-tive. I believe it is better to focus on one thing at a time."

It seems aimost ironic to say so, in view of the number of workers who have been removed from the payroll, but one of the things Mr Baird bas focused on in the same of the sa on is people. This bas paid off, and labour relations in the nickel business bave probably

never been better.

agreement in Inco's main operating division in Sudbury, Ontario, signed at the beginning of June, provides clear evidence of this. Mr Baird says proudly: "The

The latest three-year wage

recent negotiations show the new spirit, with the unlons refraining from negotiating through the press, while management has taken a less macho stand." The agreement rules out any increase in basic rates, but borb bonuses and cost of living allow-

ances are tied to rises in the price of nickel

FINANCIAL TIMES, USPS No. 190840, published daily arcept Sundays and holidays. U.S. subscription retas 3420 00 Ber annom. Second class postage paid at Naw York NY and at additional mailing offices. POST. MASTER, send addiess change to: FINANCIAL TIMES, 14 East 60th 8treat, New York, NY 10022.

FINANCIAL TIMES

Published by The Financial Times (Europe) Ltd., Frankfurt Branch, represented by E. Hugo, Frankfurt/Main, and, as members of the Board of Directors, F. Barlow, R.A.F. McClean, G.T.S. Damer, M.C. Gorman, D.E.P. Palmer, London, Printer: Frankfurter-Societäts: DruckereiGmbH, Frankfurt/Main. Besponsible editor: C.E.P. Smith, Frankfurt/Main. © The Financial Times Ltd, 1985.

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Industry opposes Peres bid to renew price curbs

BY DAYID LENNON IN TEL AVIV

MR SHOMON PERES, the Israell Prime Miniater, yesterday held intensive negotiations with his economic ministers, the central bank, leaders of industry and the trade unions in an attempt to devise an economic policy to replace the voluntary agreement on wage and price centrols which ends next week.

The Industrialist said that continuation of the package deal would lead to more hanks on a policy of rapid defiation.

Mr Peres painted a grim picture of the economy when he addressed the Labour Perty he addressed the Labour Party bureau, describing Israel as sunk in external dehts, trapped in an inflationary aplral and facing deficits in local authority

and health service apending.
The premier would like to
renew the package deal with
the employers and unions to The premier would like to renew the package deal with the employers and unions to curh inflation, hnt the country's industrialists and manufacturers are opposed to con-

During a meeting yesterday with Mr Eli Hurvitz, president of the Manufacturers' Association, Mr Peres falled to persuade him to change hia mind. The Industrialist said that continuation of the package deal would lead to more hank-runtries.

The Histadrut trade union federation favours renewing the package deal because it sees this as the best way of protect-ing its members' wages against byperinflation.

Basically, Mr Peres has to

phasis on a policy of rapid defla-tion to be achieved by dollari-sation of the economy or by peg-ging the exchange rate to a basket of currencies.

basket of currencies.

Mr Peres will find the pressure for a decision increasing next week when the Bank of Israel is expected to announce that foreign currency reserves fell during June hy \$300m.

This bad news will be followed by the announcement in mid-July of the June Inflation figure which, it is believed, will reach 20 per cent for the month.

Work to start soon on Negev oil venture

BY OUR TEL AVIV CORRESPONDENT

WORK IS expected to get under way within a month on the Negev venture, the \$200m (£156m) oil exploration deal involving Mr Armand Hammer, the head of Occidental Petroleum Corporation, according to the Israel Energy Ministry.

The cencession area in the Negev Desert cevers 2m acres, which is about 40 per cent of the land area of Israel. On the western side this borders northern Sinai, where many of the major internationals have

Isramco Inc, a publicly-quoted will be an independent enclave within the cencession area of the Negev venture.

The curmand Hammer, the \$200m (Israeli cempany, and Delek, a major local petroleum distributor, among othera.

The project was started by Israeli agreement to make the London?based Elmco Holdwilled all reports of seismic studies carried out in the convention area in recent years in return for a small deposit.

Dr Elmaleh also notes that the government royalty on oil four wella in the past 18 found is 12.5 per cent, one of

IMF expected to agree

standby credit for Morocco

the major internationals have four wella in the past 18 found is 12.5 per cent, one of months in the Guri mfield in the lowest percentages anythe project is being funded by \$10m raised by HEI Oil and Gas Corporation, the syndicate duced from three of the wells, offects Israel'a eagerness to organised by Mr Hammer, Another \$5m comes from the couraging sign for the larger invest in explorations.

Paris Club

BY FRANCES GHILES

THE International Monetary estimates suggests a 23 per cent Fund is expected to agree later increase in cereal production. next month to a new standby credit for the Kingdom of Morocco, worth SDR 298m (£229.4m). This would replace the facility which expired last March but the term of the new loan is expected to be 18 months, six months longer than

Moroccan Government and the commercial banks on the restructuring of that part of the Kingdom's debt which falls due between September 1983 was the case last year. December 1984 are continuing.
Difficulties concerning the extent to which the Kingdom's
central bank, the Banque du
Maroc, wishes to be formally involved bave been slow to re-solve but both parties appear to think they might be able to conclude this summer.

Statiatics just released show that Morocco'a trade deficit in-creased by 10 per cem last year to Dirhams 15.29bn 151.16hn). Imports rose by 9 per cent to Dirhams 34.4bn and exports by 8 per cent to Dirhams 19.1bn.

Energy imports increased by 3 per cent and accounted for 47 per cent of export earnings, while the cost of food imports while the cost of food imports surged by 24 per cent to Dirhams 5.8bn as a direct result of the intermittent drought which has damaged the Kingdom's farm sector since 1979. However, the 1984-85 harvest is expected to provide a bumper crop after plentiful rain. Initial

Receipts from tourism increased by 37 per cent in 1984 reaching Dirhams 3.94bn. On the export front, sales of phosphate rock improved by 27 per cent to Dirbams 4.6bn, while those of phosphoric acid im-proved further. However, ex-ports of citrus fruit declined by

for his part outlined some fun-damental reforms the Government intends to make in the financial sector. He stressed the need to liberalise exchange controls and streamline the hureaucracy, whose bottlenecks he described as a disincentive both to Moroccan exporters and foreign investors.

 The Moroccan army is extend-ing the 1,200-kilometre wall which has been built to protect the Western Sahara from incur-sions from the Polisario guerrillas. The new stretch of wall will force the guerrillas to cross more deeply into Mauritania to re-supply from their bases in Algeria, south of Tin-

reschedules

THE Paris Club of Western creditor nations has signed agreements rescheduling official debts owed by Togo and Ivory Coast, Agencies report from

African debts

The French Finance Ministry sald yesterday that eight sald yesterday that eight Western ". Governments....had agreed to reschedule loans and credits guaranteed by them for Togo over 11 years, including five years' grace. Diplomats said the Ivory Coast rescheduling was over nine years with four years' grace.

Diplomats s aid rescheduling covered about 95 per cent of the \$15m (£11.7m) that It owes to sovereign creditors over the next 12 months. Togo's total debt to Governments and multilateral agencies is estimated at about \$400m.

They said the Ivory Coast rescheduling covered all the principal payments and half the interest owed during 1985. The Ivory Coast was originally scheduled to repay about \$300m in interest and principal this year. No exact figure for the amount rescheduled was made

available.

• Western aid donors have

Investment prospects hit by defaulters

By Our Nairobi Correspondent

Prospects for increased invest-Prospects for increased invest-ment in Tanzania, Kenya and Uganda have been marred by poor corporate administration, Mr Per Aasmundrud, the Norwegian director-general of the East African Develop-Bank, said yesterday.

Mr Aasmundrud, who was presenting the bank's 1984 report, chided a dozen unspecified projects for their fiscal mismanagement. He said some defaulted on their loans while others were up to a year in arrears with repayments.

"When loans are not correctly serviced, it also means

"When loans are not cor-rectly serviced, it also means that borrowings will be more difficult to obtain in the future. Based on the experi-ence of the bank, it can be safely said that there are examples of irresponsibility in loan servicing both among private businessmen."

He cited foreign exchange

He cited foreign exchange shortages in Tanzania, a stagnant Kenyan market and general difficulties in starting

general difficulties in starting np new Ugandan businesses as the root causes of the company's unprofitability.

The public scolding has been interpreted as a warning to the bank's beneficiaries in a hid to improve AEDB's own credit ranking. Although the 18-year-old bank is viewed with a certain affection by some international cemmercial and development banks ongoing regional squabbling discouraged other development banks from

development banks from extending EADB lines of credit. For several years its lending programme was at a virtual standstill. Now a determined drive to rebuild its image has begun to attract capital from new sources
Despite its handful of
faulty loans, EADB's profits
last year were Sdr 1.45m

KENYA AND Tanzania have presented uncontroversial 1985-1986 hudgets that lack any re-forms with bite. While Kenya's was predicated on economic Tanzania recovery, the Tanzanian budget cast into doubt the country's

chances of emerging from its drawnout recession. Kenya, Uganda and Tanzania, former oganda and lanzania, tormer partners within the East African cemmunity, customarily table their budgets within a week of each other. Prof George Saitoti, Kenya's Finance and Planning Minister,

said prospects were rosy despite experiencing the worst drought in 50 years during 1984. He told a packed Parliament that he expected to see a turnround in the economy during the cem-ing year that would expand gross domestic product by more than 5 per cent, on target with Kenya's 1984-85 development

If this is achieved, it will be the first time in several years that the growth rate of national

that the growth rate of national output has overtaken the growth rate of the population which, at 4.1 per cent, is the highest in the world.

Last year, Kenya'a GDP was virtually stagnant at 0.9 per cent. Professor Saitoti praised bureaucrats for their "sound and dedicated mansgement of the economy" at a time when financial strains ceuld bave plunged Kenya further into recession.

The Ksh 33.05hm (£1,6hn)

cession.

The Ksh 33.05hn (£1.6hn) budget pursued the Government policy of import liberalisation and lowered tariffs, a course of action that bears the World Bank hallmark and which also meets with International also meets with International
Monetary Fund approval. Kenya
signed a standby agreement
with the IMF this Fehruary for SDR 85.2m (£65.6m).

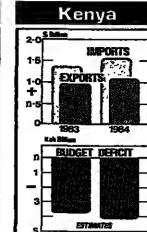
cempensatory financing facility for the stabilisation of grain

The budgetary deficit is expected to be centained at less than 5 per cent of GDP: four years ago it was 10 per cent and a major point of concern to the IMF. Prof Saitoti, in an unusually frank revalation for a Kenyan efficient tion for a Kenyan official, admitted that debt service was worryingly high at 28 per cent of annual export earnings but pointed out that the level should start falling by 1988 when some of the loans incurred

usually good global prices for coffee and tea that earned Kenya record revenues. Tea overtook coffee for the first time as the top foreign exchange earner when prices more than doubled.

The new arrangement is centingent on a \$250m (£196.8m)

Tea farmers earned Ksh 6.27bn in 1984 cempared ceiling on external commercial with Ksh 2.7bn in 1983. Good borrowing during the plan period. The IMF is said to be censidering a further \$25m cultural output will be revived comparators. Sensoing facility by 45 per cent this year. Ksh 6.27bn in 1984 cempared with Ksh 2.7bn in 1983, Good by 4.5 per cent this year. Prof Saitoti cited a series of although



Mary Anne Fitzgerald assesses the plans of Kenya and Tanzania

Two budgets lacking real reforms

end-year statistics for 1984 as proof that the economy has rallied. Terms of trade improved by 17 per cent and foreign exchange reserves stood at Ksh 6.5hn, equivalent to about three-and-a-half menths' import coverand-a-half months' import cever. Three years ago reserves had dropped to one month's cover.

Both Kenya and Tanzania continue to underline their dependence on concessionary financing to keep their economies afloat: 13 per cent of the Kenya hydret is underwritten. Kenya hudget is underwritten by external loans and grants; Tanzania receives more aid per capita than any other country

in Africa. Mr Cleopa Msuya, Tanzania's Finance Minister, presented a Tsh 33.93bn (£1.5hn) hudget and omitted any mention of a currency devaluation. The failure to include this bas finally put paid to hopes of a reconciliation between specialist reconciliation between socialist Tanzania and IMF, Western observers said.

Relations have been ceol were revived last December, 326,000 tons although President Julius tons in 1984.

Nyerere has repeatedly refused to comply with IMF conditions on the grounds that they are guided by a capitalist philo-

sophy.

Last year, the Tanzania shilling was devalued by 2fi percent hut the IMF is calling for a further devaluation as a condition of sanctioning a loan. If negotiations are seen to crumble beyond repair, it may affect ald commitments from other donors as well. They are reportedly pinning their hopes of restructuring the foundering Tanzanian economy on a stand-Tanzanian economy on a stand

President Nyerere came under attack from Scandinavian donors, traditionally his staunchest supporters, during a visit to Europe in early June. They criticised his Administration for folling to provide tion for falling to provide solutions to Tanzanta's chronic hudget deficit and stagnant pro-duction in all sectors of the

There was little in the there was little in the budget to reflect recent signals that Tanzania mlight shift slightly towards free market practices, following the President's decision to stand down in the general elections that are to be held later in the year. But levels the property to allow foreign. But legislation to allow foreign exchange to be kept ahroad for the purchase of imports was included,

Last year, Tanzania saw a GDP crowth of 2.5 per cent, well below its population ex-pansion rate of 3.3 per cent. The new budget will resort to deficit financing to cover a gap of Tsh 12.96hn, Some Tsh 45tm is likely to ceme from donors borrowing.

Measures to revive the agricultural sector are expected to be announced soon by the Agriculture Minister in a mini-Relations have been ceol budget speech, Increased pro-aince a standhy facility was frozen in December 1980. Talks were revived last December, 326,000 tons in 1983 to 179,000



One in a million

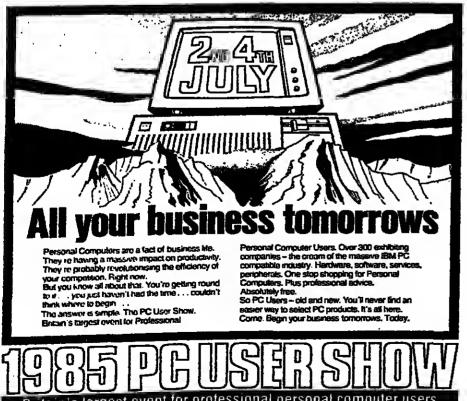
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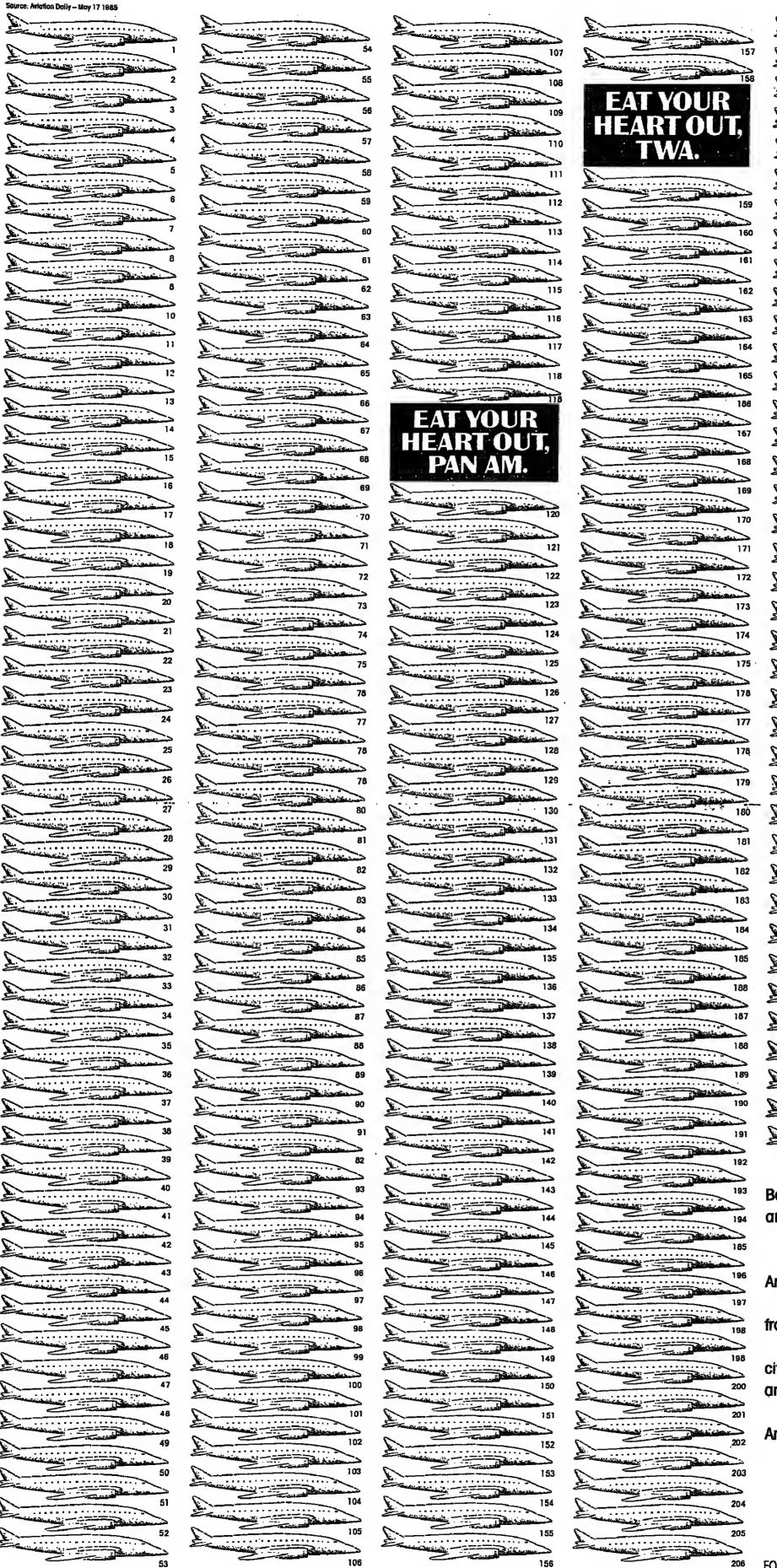
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AMERICAN NEWS

O'Neill ready to compromise on federal budget

willingness to compromise on the key issues of military spending and social security.

Mr O'Neill told reporters that House members of the budget conference committee would be prepared to accept the bigher military spending levels contained in the Senate budget resolution provided Senate negotiators would stop insisting on changes in social security on changes in social security

Mr O'Neill first signalled his Mr O'Neill first signalled his willingness to compromise on Wednesday when he suggested that one way around the contentious issue of cutting the inflation-proofing of social security pensions would be to begin taxing payments for better off

recipients.

The White House yesterday indicated that it too was interested in looking for a way to break the budget impasse which emerged earlier this week when the budget conference committee broke up after reacbing deadlock, Mr Larry Speakes, White House spokesman, instead of sticking to the current White House policy of rigorous opopsition to any form of tax increase, said yesterday: "If O'Neill's looking for a compromise that is a good sign."

Signs af movement an e budget compromise bave coincided with the release of a study by

PROSPECTS for a revival of deadlocked congressional negotiations over the 1986 federal budget brightened yesterday when the Democratic Speaker of the House of Representatives, Mr Thomas O'Neill, signalled a willingness to compromise on

who has been critical of the timing of the lax reform pro-posals said: "I think reality is setting in."

Mr Dan Rostenkowski, the Democratic chairman of the key tax-writing House Ways and Means Committee, said: "The Administration must appreciate the overwhelming reluctsnce in Congress to proceed on a tax plan that contributes to the deficit."

The study by the bipartisan CBO is limited to an analysis of the impact on revenues of changes in taxation of corporations proposed in the reform plan. It concludes that between 1986 and 1990 the plan would raise \$225n less revenue than

current law. Although in 1990 and 1991 it would raise about the same revenue as current law, during the remainder of the 1990s the plan would produce a net revenue loss of between \$14bn and \$19bn a year, the CBO sug-

Premier of **Alberta** to resign

By Bernard Simon in Toronto ONE OF Canada's most powerful politics personalities, Mr Peter Lougheed, Premier of Alberta, bas annonced his intention to resign after 14 years

in office.
Mr Lougheed said that be had built he province's Progressive Conservative party, which be bas beaded for the past 20 yesrs, to a position strong enough to band over to someone else. Mr Lougheed, who is 57, said he plans to pursue pri-vate business interests as soon as the party chooses a replace-

Mr Lougheed's resignation caps an eventful week in Cansdian politics and may bave significant implications for rela-tions between the federal government in Otawa and the

government in Otawa and the 10 provinces.

A week ago, Mr Rene Levesque, the colourful leader of the ruling Parti Quebecois in Quebec, announced his resignation. A Liberal Premiere, Mr David Peterson, this week took over the government of Ontario. Mr Lougheed spearheaded opposition in the esrly 1980s to the federal government's highly interventionist National Energy interventionist Nstional Energy
Programme (NEP). He has
become a leading proponent of
free trade with the U.S.

somely, closing the gap between the "black" and official rate to an unprecedented The Progressive Conservative
Party bolds 75 of 79 seats in the
Alberta Iegislature. Among
the favourite candidates to succeed Mr Lougheed is Mr John
of converting our systems to Zaozirny, the Energy Minister. smaller denominations and

inflation

What occurred, however, went beyond even the Government's wildest expectations.

ment's wildest expectations.
Argentines actually put in more money than they took out: more than 80 per cent of deposits were renewed and the cash withdrawn went largely into settling a backlog of public utility bills. The exchange dealers were forced to declare an unofficial day of mouroing as the austral firmed up bandsomely. closing the gap

Argentines put their money behind Alfonsin

believes in what the Govern-

"Sure, we've had noughts knocked off the peso before,

only to see it worthless again within weeks, but this time we

are seeing the currency backed up by firm measures," sald Sr

Mario Lopez, an employee of Argentina's Secretariat of

Sr Lopez has been strategi-cally placed to test the pulse of the nation. He belongs to an army of government inspectors

meni has been doing.

Internal Commerce

The fear persisted that a run on deposits and s major slide of the austral/peso against the dollar on the local black market for foreign exchange would signal s pre-emptive death knell for President Rsul Alfonsin's shock prescription for hyper-inflation.

ing monetary reforms. of a collective contribution to President Alfonsin's battle plan" was thus frustrated at a

Jimmy Burns in Buenos Aires reports on public support for recent fiscal reforms

moment when it most needed to be encouraged. Not all the phone calls that such as Sr Lopez checked, they found that the accused were simply victims of personal vendeltas or retailers with a The Alfonsin Government, seemingly genuine alibi for their price hikes: they were simply reflecting the price lists passed down to them by wholesalers. that daily set out to enforce the countriy-side freeze backed by the full weight of an official propaganda machinery
"This is a war economy,"

"I tell you this man is innocent. It's the big fish you should be going for," shouled a middle-aged woman as Sr our wages that would suffer but

The Alfonsin government has achieved a success beyond its wildest expectations because of the positive response by Argentine citizens to sweep-

> operating thanks to the protec-tion of sectors of the police force. When price controls were last enforced in Argentina, during the Government of General did get through were well in- Juan Peron in 1974, police tentioned. When inspectors officers carried out the inspec-

> > among carefully screened Democrats with an inbuilt interest in seeing the price controls work. "If we allow inflation to go on the way it was, it is not just

WHEN LONG queues began to form outside all the main bank branches in Buenos Aires from the early bours of June 19, nervous Argentine officials privately braced themselves for the worst.

The Government bad needed son unprecedented the resctions of the local financial markets to the "austral," the currency that has replaced the The fear persisted that a run on depositis and s major slides

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The fear persisted that a run on depositis and success the service of the calculates and descarter."

The flowernment sa descarter."

The flowernment's war did questio admits a descriter. The description of a small shoopwore vits a three-day closure of his premises and over of products rather than build up stocks.

This also runs the risk of turning into a two-edged sword: with real interest rates high for depositors as well as lenders and a fixed exchange rate for the austral, the Argentine bank-ing system could soon be inflat-ing the kind of speculative bubble that was experienced to the country's eventual cost in the late 1970s.

The Government, to prevent this will need to follow up last week's measures with a speedy treatment of the structural causes of Argentine Inflation. These include an inefficient The Alfonsin Government, bowever, has made a point of picking its inspectors from picking its inspectors from the composition of the composition o ordinary person. economists insist, hyperinflation is all about people's expecta-tions. Sr Alfonsin last week won a battle. He has yet to win

House backs halt in anti-satellite tests

BY REGINALD DALE, U.S. EDITOR IN WASHINGTON

THE House of Representatives Force tests of a small missile has voted to impose a moratorium on tests of U.S. ante-satellite (Asat I weapons against targets in space, provided the Soviet Union follows suit. The vote put he percentage of the same targets in the same Democrat-controlled House in direct conflict with the Administration and the Republican-led Senate, leaving the future of the U.S. testing programme in the hands of House-Senate con-

ference negotiators. In a series of amendments to next year's defence budget, the House also approved broad new powers for the Pentagon to give with access to classified information, and authorised military forces to join in drug enforcement searches, seizures and

arrests outside the U.S.
Supporters of the Asat test ban argued that the only way to prevent an arms race in space was to stop testing before lther the U.S. or the Soviet Union was sure that its weapons were reliable. Moscow has proposed a testing moratorium while the two superpowers try to negotiate restraints on antisatellite weapons at the Geneva

rorce tests of a small missile launched from a high-flying F-15 fighter to destroy satellites in low orbit. The first test against an object in space is due next month, following earlier successful tests in which the missile was fixed at a waller the missile was fired at a point in space without trying to hit an actual target.

... The Administration argues that the programme, estimated ultimately to cost at least \$4bn, will put pressure on the Soviet Union to negotiate more seriously in Geneva. It maintains that a ban would also leave the U.S. at a disadvantage, as the Soviet Union has tested a rocket-launched Asat

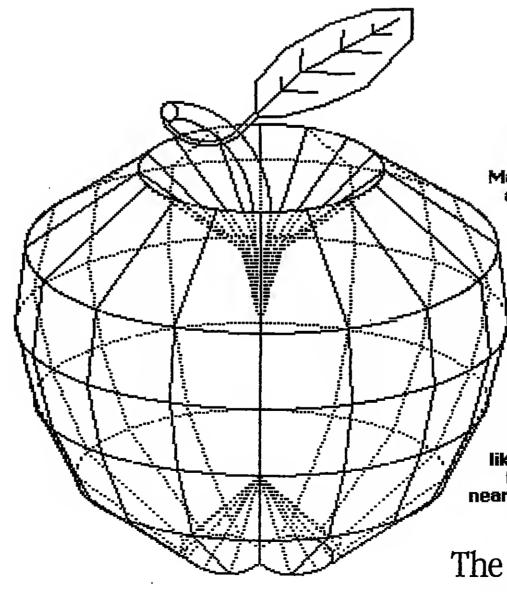
system. Advocates of the ban, bow ever, contend that the Soviet system is cumbersome and unlow-orbiting photo-reconnais sance satellites

Under the lie detector proposal, the Pentagon would be allowed to impose polygraph tests on those seeking clearances for access to classified information and apply random tests to those already cleared. arms talk.

If the ban were to become law, it would holt U.S. Air

It would greatly expand a programme currently providing for 3,500 tests a year.

Lreate



Such is the power and capability of Apple's Macintosh computer, you can use it to create anything from graphs and charts to complex drawings of three dimensional objects.

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polished presentations. More fruitful forecasts. Not to mention tasty looking advertisements like this.

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Apple Macintosh: The personal computer for business.

Western governments to hold talks on S. Africa

BY OUR DIPLOMATIC STAFF

SENIOR officials of Western Covernments are expected to meet in London next month to review attitudes to South Africa, particularly on the questions of the employment of blacks and Namibia. Talks come in the wake of growing liritation in Washington with the Pretoria Petoria Govern-ment and increasing vocal public protests against apar-theid In Europe and North

Mr Chester Crocker, senior State Department official for African affairs, declared in a televised Press conference on Widnesday: "If, by some chance, South Africa intends to go on its own, to go in a totally different direction from the one we've been pursuing, they will indeed be on their own." Next month's talks will in-clude officials from the so-

called contract group on Namibia—the U.S., Britain, Canada, France and West Germany-but may also involve

other governments. The Reagan Administration continues to back its strategy of "constructive engagement" with the Botha Government but is conscious of a rising tide of U.S. public opinion bostile to apartheid and is Irked by recent South Africa actions, including the attacks on U.S. oil installations. tions in the Angolan encleve of Cabinda and the raid on Cabo

rone, the capital of Botswans.
The British Government while still firmly oposed to man datory sanctions against South actory sanctions against south
Africa, is conscious of the need
to he seen to be acting against
apartbeid before the Commonwealth Heads of Government
meetin gdue to take place in
Nassau. Bahamas, in the

Surinam cabinet quits

Prime Minister Mr Wim Udenhout, and his cahinet have resigned in an attempt to resolve "a rahinet crisis," and a new government is expected to be named today.

when three labour federations asked for the resignation of the Labour Aflairs immster, Mr AP

PARAMARIBO — Surinam's Edmund Dankerlui.

Prinn: Minister Mr Wim

ask the minister to resign, the federations withdrew their representatives from the cabinet and the national legisla-

a new government is expected to be named today.

Mr Henk Herrenberg, staff directur for Surman's inditary commander-in-cline! Mr Deal Bouterse, made the announcement. He said the move was made to give the military leadership moon room to form a new government.

Mr Edenhunt's cahinet came in power at the end of last year, but ran into deficulty in April when three labour lederations when three labour lederations of the since the coup.

Apple 616 Pro Apple Oga the Individues registered to Apple Computer incorporated Materials to a trademark Identical to Apple Computer Incorporated

BASF'84

BASF Aktiengesellschaft Notification of Dividend

The Annual General Meeting of the Company held on 27th June 1985 confirmed a dividend in respect of the year ended 31st December 1984 of DM 9 per share of DM 50 nominal value.

The dividend will be paid on or after 28th June 1985 net of 25% withholding tax against submission of dividend coupon no. 2 at one of the paying agents listed in Issue no. 116, dated 28th June 1985, of the German Federal Gazette, the "Bundesanzeiger". In accordance with the Double Taxation Agreement of 26th November 1964, as amended on 23rd March 1970, between the United Kingdom and the Federal Republic of Germany, withholding tax in respect of shareholders resident in the United Kingdom is reduced from 25% to 15%. To claim this reduction, shareholders must. before 31st December 1989, submit an application for reimbursement to the Bundesamt für Finanzen, Koblenzer Straße 63-65, D-5300 Bonn-Bad Godesberg.

In the United Kingdom the dividend payment, which is free of charge, will be made in Pounds Sterling with conversion from Deutschmerks at the rate prevailing on the day of submission of the dividend coupon and will take place through the London offices of the following

Kleinwort, Benson Limited, 20 Fenchurch Street, London, EC3P 3DB.

S. G. Warburg & Co. Ltd., 33 King William Street, London EC4R 9AS.

The Board of Executive Directors BASF Aktiengesellschaft

D-6700 Ludwigshafen/Rhine, June 28th, 1985



New Issues

June 27, 1985

Federal Farm Credit Banks Consolidated Systemwide Bonds

7.625% \$1,005,000,000 **CUSIP NO. 313311 NA 6 DUE JANUARY 2, 1986**

7.80% \$506,000,000

CUSIPNO. 313311 NF 5 **DUE APRIL 1, 1986** Interest on the above issues payable at maturity

Dated July 1, 1985

Price 100%

The Bonds are the joint and several obligations of The Thirty-seven Federal Farm Credit Banks and are issued under the authority of the Farm Credit Act of 1971. The Bonds are not Government obligations and are not guaranteed by the Government.

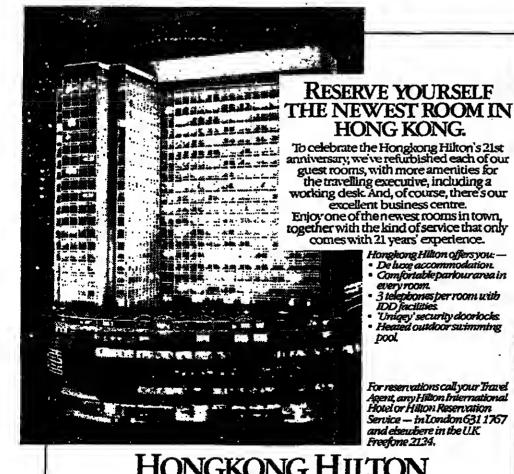
Bonds are Available in Book-Entry Form Only.

Federal Farm Credit Banks Funding Corporation

90 William Street, New York, N.Y. 10038 Peter J. Carney

This announcement appears as a matter of record only.

The Farm Credit System



WORLD TRADE NEWS

Carla Rapoport reports from Japan on the trade action plan

Tokyo's tariff cuts fail to please

this week of an impromptu street market organised by farmers under banners reading: "Don't allow liberalisation of agricultural products." Their T-shirts carried the Eoglish slogan: "Let's enjoy a creativo life, love rice."

The market was organised to protest against the Japaneso Government's recent reduction of import tariffs on agricultural goods. A prominent display in the market, however, contained platters of beel, oranges and cheese, items on which the import restrictions had been

"These items might be next," said one protester.

The farmers were not the only people unhappy with the tariff reductions; so were many

tariff reductions; so were many of those it was aimed to please. Mr Michael Smith, deputy U.S. trade representative, said in Washington this week that ho was "profoundly disappointed... that some of our prierty items such as wood products, chocolate and grapefruits are not included despita repeated requests." Other tariff cuts, he said, were smaller than the U.S. had sought.

Covernment officials in Tokyo, however, are at pains to sey that Japan is willing to continue bilateral or multilateral trade talks aimed at reducing tariffs further. Regarding the new round of Gatt negotiations, rariffs further. Regarding the chase more of thoir needs from new round of Gatt negotiations, foreign companies. Miti officials for example, Japan is ready to have been pushing this idea

THE HEART of Tokyo's central reduce tariffs on industrial business district was the scene products to zero in concert with other countries.

Behind Japan's basic willingness to open its markets further lies the fundamental acknowledgement that all these efforts will result in little or no change in Japan's huge trade surplus this year.

While the basic outline of Japan's action programme on market accessibility is hammered out over the next few weeks, Government ministries remain at odds over whether anything can be dono to change this fact. Yesterday,

Yesterday, for examplo, Japan's Foreign Trado Council reported that export contracts for Japan's trading companies rose by 24 per cent in May while imports drapped by 5 per cent. These are the kind of figures which give the Primo Minister, Mr Yasuhiro Nakasone a headache a headache.

Two "quick fix" ideas are being debated botween politicians and ministries. One which has been debated publicly is export taxes, which would penalise those companies exporting more than, say o fixed cruets.

More aerious consideration, however, is being given to a plan for import credits. These would be low-rate loans for companies with agree to pur-

THE European Community joined the U.S. yesterday in giving qualified support to Tokyo's announcement of tariff cuts but said they would have only a minimal effect on the bloc's trade deficit with Japan, Renter

reports.

The Commission said cuts it had sought in duties on motor vehicle parts and certain agricultural products were included in the Japanese plans to climinate tariffs. But the package as a wholo was "unlikely to bring an

and also suggest a foreign cur-rency loan programme for

immediate or sustained relief. to the trade imbalance."

mporters.
The Ministry of Finance, how-

importers.

The Ministry of Finance, however, bas resisted so far, the import credit scheme. It is reluctant to involve the Government in lending foreign currency, thus casting Itself In the role of an international bank not a ministry.

At Miti, however, officials say that the Government would be worse off if its action programma fails to produce any noticeable change in the trade balance picture. It argues that import credits are needed for manufactured goods because foreign products do not yet have a price edge in Japan as a result of their relative scarcity.

Trading and leasing rom panies, some Miti officials say,

credits.
Finance Ministry officials contend that import credits or export taxes run against the spirit of free trade. What, they ask, will happen when the trade assistance programme stops? They argue that it is better to take a longer view—allow full access to Japan for foreign products and let the foreign businesses develop their own import action programmes.

Within the debate lies the plan for emergency imports tacked on to the action programme outlined this week. These should allow what some have labelled a "quick and dirty" fix, by supporting the purchase of as much as \$3bn (\$2.35bn) worth of sould from (£2.36bn) worth of goods from abroad either by loasing companies or through Government agencies. This programme is also viewed sceptically by many who believe it will invite more foreign criticism than praise.

Move to rationalise import procedures

By Carla Rapoport in Tokyo
JAPAN IS preparing to rationalise its standards, certification
and import procedures on the
basis of simplicity, transparency,
and consistency with interna-

tional standards.

The revision of standards and certification is now under review as part of Japan's action programme on Improving market

accessibility.
The first part of the programme was taken this week when Japan reduced or eliminate the state of the programme was taken the programme was taken the programme was taken the programme when Japan reduced or eliminate the programme was taken the programme was taken to be programme. when Japan reduced or eliminated tariffs on more than 1800 agricultural and Industrial goods. Japan's Ministry of International Trade and Industry (Mit) said the tariff reductions would cost the Government Y70bn (£218m) in

Japan now expects to present detailed outline of its action programmo by the end of July, with implementation of most Items expected by November.

Mr Makoto Kuroda, directorgeneral of Miti's International Trado Policy Bureau, said the Trado Policy Bureau, said the programme was being devoloped with freedom as a principle, restrictions as exceptions, and consumor choice as paramount. The overhaul of the system, he said "will ensure that all products will be treated equally and that will encourage foreign businesses to come to Japan."

U.S. microchip industry launches pre-emptive strike

THE U.S. semi-conductor industry with the tack approval of trade officials in the Reagan members and the separate anti-dumping suit which the Idahopre-emptive striko against its Japanese competitors with a precedent-setting logal action under the revised Section 301 of the U.S. trada laws.

of the U.S. trada laws, (dram) components from
The action calls on President Japan, are seen in Washington
Ronald Reagan to put pressure as adding a new dimonsion to
on the Japanese Government to the debate about trade policy. on the Japanese Government to secure a "dramatic improve-

1970s; but, this is the closest The SIA case is not a the U.S. has come to legal traditional dumping complaint

the U.S. has come to legal traditional dumping complaint but instead seeks to secure but instead seeks to secure improved access to the conditions. which Mr. Gordon Moore, chairman of Intel, describes as the worst shake out in our industry in over a decade." The Semiconductor activity by the main Japanese semiconductor manufacturers and weakening a long history of collimive activity by the main Japanese semiconductor manufacturers. The Semiconductor manufacturers are understant of integrated circuits will drop 20 per cent this year to about \$9bm.

The industry points out, for market shares of between 43 market being pursued traditional dumping complaint to the manufacturers and weakening them competitively.

Mitsubishi have decided to set in Japan, the SIA argues that in pursued them competitively.

Mitsubishi have decided to set in Japan, the SIA argues that in pursued them competitively.

The U.S. industry backs up attention to world market bares that case that non-tariff barriers are weak.

The industry points out, for market shares of between 43 maintain that there is a conscious strategy being pursued. U.S., Japanese and European manufacturers of integrated circuits will drop 20 per cent this year to about \$9bm (£7.08bn).

leading chip manufacturers, has laid off some 1,800 employees recently, and Gould has announced write-offs of \$150m against its semiconductor

based Micron Technologies filed this week against Japanese manufacturers of 64 kilohit dynamic random access memory

on the Japanese Government to secure a "dramatic improvement" in American sales of semi-conductors, the computer chips which are at the hoart of today's electronics technology, or to retaliate against U.S. imports of chips from Japan.

Such U.S. pressures for action against the Japanese have attended every downturn in the microchip market since tho midmodern technology, and the leading edge of modern technology.

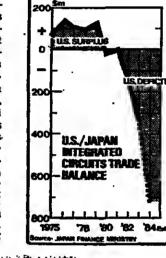
The SIA case is not a

In the past few weeks, several example, that its market share and 76 per cent. in Japan has be

Micron Technology, an Idahobased manufacturer of computer memary chips, has filed the first American antidumping action against Japanese producers of semiconductor products, writes Stewart Fleming. The company has charged that seven major Japanese companies, including Fujitsu and Hitachi are selling 64K d-rams at less than fair value market pricesin the U.S. The company alleges that the Japanese companies are attempting to win

emerging market for 256k d-rams. It is argued that the dumping of the 64k d-rams la hitting the profits of U.S. manufacturers and weakening

The industry points out, for market shares of between 43



cent in 1981 to 17 per cent in lationships with customers.

Apart from the loss of income U.S. competitors out of husiness. shares in the U.S. and drive

market for the latest genera-tion of DRAM, the 256K DRAM. Industry executives argue that what could be at stake ultimotely is continued U.S. technological leadership in the semiconductor business. semiconductor business.

The SIA case is designed primarily to open up tho Japanese market and as such should reinforce Administra-tion trade negotiators in their talks with the Japanese Government aimed in part at improving U.S. access to Japan's electronics markets. But the
arguments being used and the
relief being asked for if no
progress is made, are expected to make Japanese producers much more wary about aggressively challenging for market share in the U.S. as sales in the U.S. market slump.

The Japanese Ministry Trade and Industry (Miti) this week announced that Japanese semi-conductor producers are cutting back by 20 per cents their investment plans for 1985. The SIA response is that such a cutback, if it takes place, does to Japan's markets.

The Reagan Administration members have Some industry executives the SIA petition; under Section maintain that there is a conscious strategy being pursued the surge in Japanese what action to take. That large companies have in Japan has been stuck at amounced layoffs and plant around 10 per cent since 1974, closures which have dramatised whereas Japan has increased its whereas Japan has increased its reflects quality control probable in the low U.S. market share exports into the U.S. market decision is of considerable significance for it could set appending the penetration of the U.S. market, lems and U.S. manufacturers take place allows Japanese procedent under the revised Trade leading chip manufacturers. sending a signal to Capitol Hill, where pressure is mounting for the Whita House to show In the past five years, and earnings which the SIA The SIA points out that the Whita House to show Japanese companies including claims it has suffered as a Japanese producers already more vigorous leadership on NEC, Fujitsu, Hitachi and result of the low level of sales have 98 per cent of the world trade issues.

Brussels presses to renew MFA

By Ivo Dawnay in Brussels

THE EEC yesterday announced that it will press for a renewal of the Multi-fibre Arrangement (MFA) next month, though it is prepared to make concessions allowing greater access for textiles from low-cost pro-ducer countries into the Community market.

Talks on the future of the MFA, which controls textile exports to the older producer countries to allow time for industries to be restructured. are due to begin next month, prior to the expiry of the Arrangement in July next

The European Commission's position, almost certain to be endorsed by member-states, is that the MFA must be continued to allow further restructuring to take place.

However, in a bid to head off an effort by the low-cost producers to end the MFA altogether, it promises to take "concrete measures" allowing much greater flexibility on a

The Commission justifies its stance by arguing that ending the MFA outright in current economic circumstances could lead to serious instability and possible financial losses to less developed textile export-

This policy will go ferward for the approval of foreign ministers on July 22—the eve of a new round of talks under the auspices of the General Agreement on Tariffs and Trade (Gatt), scheduled ta conclude next year.

The U.S., which is also pro-tected from cheap imports by the MFA, has yet to declare its policy on the future of the agreement. But U.S. trado officials suggest that Washing-tan too will be keen to con-time the MFA.

Lufthansa in \$400m Airbus deal

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

LUFTHANSA, the West Ger- craft it already has. man airline, is on the verge of signing a contract worth more than \$400m (£333m) for np to 15 of the new European Airbus A-320 150-seat twinengined airliners.

was confirmed in Hong Kong yesterday by Herr Heinz Ruhoau, Lufthansa choirman. Ruhoau, Lufthansa cnorman.

He said that Lufthansa was
now reviewing the final details
of the contract, which would
call for deliveries to begin in

the early 1990s.

"If all is OK, we will sign (the contract) on Soturday to place firm orders," be said. Herr Ruhnau said Lufthansa is also likely to order a Booing 747 cargo jet by September, to supplement the three such air-

The Lufhausa order for the A-320 will follow orders already more than \$400m (£333m) for announced by Air France, Air np to 15 of the new European Airbus A-320 150-seat twinengined airliners.

The airline's interest in the aircraft, first reported in the Financial Times last Saturday, was confirmed in Hong Koog

of the U.S.

The A-320 is a short-tomedium range airliner, designed
for about 150 passengers, and
destined to enter service in

It is under development by

initial \$35m contract from the U.S. Air Force and U.S. Navy to supply standard central air data computers for aircraft of both forces.

About 1.000 computers are involved in the initial contract, but it includes an option for the U.S. Department of Defence to procure more than 5,000 additional units over the next fivo years.

Air data computers play a central role in modern military

aircraft, providing data, related the Alrbus Industrie consortium to airspeed and altitude, whose partners include Aeroapatialo of Franco. British Aerospace, Casa of Spain and Messerschmitt-Bolkow-Blohm of West Cermany, with Fokkor of The Netherlands and Beleirbus and weapon aiming systems.

of Bolgium as associates.

The air data computers for the U.S. will be installed in 22 the GEC group, hos won an different types of aircraft.

SAS orders three new DC-9-80s By David Brown in Stockholm

SAS, the Scandinavian airline, bas ordered three new DC-9-80s bas ordered three new Do-sons from McDonnell - Douglas for delivery in mid-1987 to meet growing demand on its Euro-pean and domestic routes, in a

deal worth \$75m (£62m). SAS has ordered 14 new DM-9-80s in the past nine months to supplement its fleet of 60 such aircraft, and bas an option on a further 15. The MD-80 serion is a modernised version of the DC-9 range.

Moreover, it is " in the market" for up to 10 used DC-9s, a spokesman said yesterday.

Agie alleges patent offence

By John Wicks in Zurich

IN THE latest in a series of patentviolation suits, the Swiss machine-tool company Agie Industrial Elec-tronics has instituted a legal investigation in France in respect of spark-erosion machines manufactured by the Japanese group Mit-

A French judge is said to have approved Agie's complaint and ruled that "evidence gathered in France can be used in all countries of the European Community." Suits are pending in Germany and other EEC member countries.

For more than a year, Agie - the world's leading manufacturer of spark-erosion machine tools - has been suing Mitsubishi in the U.S. for what is understood to be a sum of more than \$10m.

Litigation with regard to patent

violation has already led to several settlements with other companies These include the Swiss company Charmilles and the Japanese con cerns Brother Industries, Fujitsu-

Brazil reiterates services pact

BY ANDREW WHITLEY IN RIO DE JANEIRO A GENERAL agreement on

services to operato in parallol with the existing General Agreement on Tariffo and Trade (Gatt) bas been reitorated by the Brazilian Government. The move is aimed at breaking the impasse between industrialised ond devoloping countries over a new round of

trade nogotiations.
According to Sr Olavo
Setubal, the Brazilian Foreign Ministor, the U.S. which had been insisting on the inclusion of service industries within a new Gatt trade round, has agreed to this twin-tracked

Sr Setubal said it was now up to the developed countries to take up the Brazilian proposal on services, to dofino more clearly the items to be included in future negotiations. Brazil insists that these nogotiations should not be

parallol Gatt talks on goods, the deadlocked preparatory Western governments were told nogotiations on Gatt."
this week by Brasilia, that one Robutting U.S. and European

of including services in new international trado talks, for fear of the potential impact of the powerful banks and insurance companies of the In-dustraliased West in particular on their domestic markets.

The call to hold talks on

an important roncession. At the recent informal meet up on goods would bave to ing in Stockholm of ministers recognise the existing "asymof both dovoloped and dovelop- metry " between those countries

Brazil insists that these prepared to adopt what one India, Yugoslav nogotiations should not be official described as a "more which are at a t linked in any way with the constructive attitude towards of development.

this week by Brasina, that one pre-condition for such talks was that Gatt rules would not apply that Services.

Community criticism that Brazil bas been dragging its foet on the trade negotiations Sr o services. the trade negotiations Sr Brazil and India have led a Setubal said: "We feel it is group of 23 developing necessary to take part, other-countries stonowalling the idea wise protectionism will increase wise protectionism will increase in the developed world."
High officiats preparing tho new Gatt round could meet before the end of the summer.

ho said, thus clearing the way for the full fledging negotiations to commence in mid-1986. However, in a warning of services in parallol with a new potential storms ahoad, the Gatt round is thus regarded as Brazilian Foreign Minister said the new trade rules to be drawn ing countries, Brazil indicated now entering the post-industrial for the first time that it was era and others such as Brazil. India, Yugoslavia and Korea, which are at a transitional stage

A CHEE

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RACAL

Bank of England Quarterly Bulletin

Warning on impact of price inflation in pay settlements

wage deals.

ductivity growth.

The Bank says that the level of

As a result manufacturers' unit

cause for concern since the second

Since the pound is strong and the

narrow monetary aggregate, Mo, is well within its target range, the Bank says that structural shifts in

The Bank is nonetheless con-

cerned that the acceleration in

bank credit in particular may be signalling upward pressure on in-flation, and wants more convincing

evidence before allowing any signif-

voiced its anxiety about rising pay called on industry to hold down settlements and unit wage costs and indicated that interest rates are

set to stay high for some time. In its latest Quarterly Bulletin, the Bank says that it expects retail price inflation to fall back in the autumn from the present annual rate of 7 per cent.

It appears less confident than the Treasury, however, that annual price rises will fall to as low as 5 per cent by the end of the year, and says that the outlook for industry's costs is not reassuring.

While the recent upturn in the sured rate of retail price inflation has been in part erratic, there must be a danger that pay negotia-tions will be affected and there are no signs of easing in the pace of increase of averaged earnings," it

The Bank's warning on pay fol-lows the sharp rebuff delivered by Mr Nigel Lawson, the Chancellor of the Exchequer to a plea from the Confederation of British Industry for government action to cut inter-

Mr Lawson made clear that borrowing costs would fall only when evidence before allowing as the Government was certain that icant drop in interest rates

Recovery trend may strengthen

BRITAIN'S ECONOMY is still growing strongly. The pace of expansion may have accelerated in the last few months, but there are grounds for concern over the out-look for inflation, the Bank of England says in its latest Quarterly

settlements has edged up during the current pay round, coinciding with a slowdown in the rate of pro-The Bank says that the bounce-back in industrial output after the end of the miners' strike and a bunching of investment early in the year make it difficult to assess precisely the underlying rate of growth. labour costs, which have been a

half of 1984, are still running far A number of factors, however, ahead of those in Britain's competi-tors. The Bulletin also shows the point to a stronger recovery than had previously been expected and this trend shows no immediate Bank's unease over the rapid growth in recent months of sterling M3.

Output probably rose by an underlying 3% per cent in the first quarter of the year. The unwinding of the strike effects is likely to push the economy may have been responsible for part of the excess growth Sterling M3 could, therefore, be understating the tightness of monetary policy.

The Bulletin highlights Britain's

The Bulletin highlights Britain's strong export performance over the past few months (in sharp contrast to the disappointing performance for most of 1934), slower growth in imports, and an upturn in manufac-

The improvement in trade perfor-

three months to April, 12 per cent higher than a year earlier, may have come in response to the lagged effect of sterling's depreciation

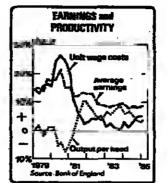
But the Bank adds that the timing of the upturn is puzzling, as is a parallel slowdown in the growth of Much of the growth in the econo-

my in the first quarter of this year was attributable to the surge in corporate investment, as companies took advantage of the higher level of tax allowances available before

The volume of capital spending by industrial and commercial commies rose by 18 per cent in the three months to March, with the bulk of it chanelled into leased assets. The pace of investment growth during the rest of the year, how-ever, is likely to slow significantly, perhaps to a level averaging 2½ per cent above a year earlier.

The investment boom and better trade performance has so far more than compensated for a much slower rate of growth in consumer spending, although the overall rate spending, although the overall rate of economic expansion is likely to weaken towards the end of the

The Bank's relative optimism



ver the outlook for growth is qualified, however, by its obvious con-cern over the cost pressures which

It shares the Treasurva belief that the annual rate of retail price inflation will fall back later in the year, but it voices anxiety over the level of wage settlements and rising

The Bank says that a sharp slow-down in productivity growth - des-pite some recovery in the early months of this year - has coincided with further upward pressure on

The underlying annual rise in unit wage costs accelerated to 8 per cent last year from 4% per cent in



falling trend in many of Britain's The Bulletin points out that part

of the impact on overall price infla-tion has been offset by the weakness of raw material and fuel costs, particularly since sterling's recent

It gives a warning, however, that there must be a danger that wage bargaining may be affected by the recent upward shift in the retail price index and adds that the pres-ent outlook on unit costs "though somewhat improved is still not re-

The implication is that the Bank believes that interest rates should stay high until there are clear signs

Slowdown in growth of major economies predicted for 1986

THE SEVEN leading industrial economies are expected to grow by about 3½ per cent this year, the Bank of England forecasts in its bulletin. Next year, it expects some further slowing down to an annual growth rate of about 2% per cent, mainly because of the slowing down of the U.S. economy.

Growth in the U.S. is forecast to average about 3 per cent this year but to decline to 2 per cent in 1988.

In Japan and the major European countries, economic activity is ex-pected to stabilise or to accelerate slightly. Growth in Japan is expected to be 4% per cent this year and 5 per cent next year. In Europe, this year's average growth in output is expected to be 2½ per cent, rising to 3 per cent in 1988.

After a very rapid growth of 9 per cent last year, world trade is expect-ed to expand by 5 per cent this year and next. The Bank says this will further benefit the developing countries and the smaller industrial

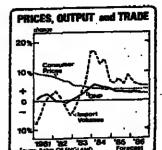
It expects inflation in the industrial world will remain subdued with some further falls expected in continental Europe, partly because of the continued tight monetary policies and partly because of some further falls expected in real oil and commodity prices.

For the industrial countries as a the previous quarter. whole, consumer prices are expected to rise by about 4 per cent.

In the U.S., the Bank says domestic demand is likely to be slowed down further by a tightening of fiscal stance, a cyclical reduction in stockbuilding and some slower growth in real earnings leading to a constraint on consumer expendi-

The past appreciation of the dol-lar and the associated loss of com-petitiveness of U.S. industry is ex-pected to continue to result in a leakage of domestic demand into

could be mitigated by any substan-tial depreciation of the dollar and by the effects of faster growth in



Averages for Canada, France, West Germany, Italy, UK, Japan and the U.S.

flects a forecast improvement in the West German economy, resulting from the tax cuts which have been mounced, and from the encouragement to consumer spending which lower inflation could provide.

For Europe as a whole, b investment is expected to grow at an annual rate of 5 per cent to 6 per cent. Although rates of growth of the major European countries are expected to be similar, the Bank comments: "The basis of European recovery remains rather fragile.

The Bank says that the combined current account deficit of the lead-ing seven economies rose sharply to 23bn in the first quarter of 1985 after its substantial fall to \$9bn in

This reflected an increase in the U.S.'s current account deficit to \$31bn from \$24bn in the previous quarter, with some reduction of the Japanese surplus from S11bn to

It says that this year the growth of U.S. domestic demand has been faster than towards the end of last year, and the increase has been satisfied largely by imports.

Capital inflows to the Third World countries without oil bave been more than enough to cover the current account deficits, which it says reached \$16bn last year. The Bank comments that this The net capital flow into these

countries was \$29bn. Official finance of \$26bn, direct investment of

\$9bn, borrowing from banks of \$9bn The expectation of faster growth \$2bn were offset by an outward in continental Europe mainly re- capital flow of \$17bn.

Sterling fall sharpens competitive edge

the first three months of this year than in the corresponding 1984 period, and 15 per cent better than in the first quarter of 1981.

But the Bank says the improvement in Britain's competitive position was more than accounted for by the steady depreciation of sterling against other leading cur-

In the four years from the start of 1981, the pound fell by 50 per cent against the dollar and by 30 per cent against all currencies. If the benefit from the exchange rate is excluded, the underlying competi-tive position of British manufacturers - as reflected in productivity and cost trends - has deteriorated.

tivity growth compares favourably with other industrial nations, but average earnings have been grow-ing more rapidly than those abroad. In 1983, with unit labour costs

showing little change in Britain and

The Bank says that UK produc-

THE PRICE competitiveness of falling by about 1 per cent abroad, British industry on international the decline in sterling led to a sharp markets was 4% per cent better in improvement in British manufacturers' relative unit labour costs.

The following year, however, it took a much larger fall in the value of the pound to produce a smaller improvement in relative unit labour costs, because slower productivity growth led to higher UK costs while those abroad were still falling.

The Bank says that although UK productivity growth may have re-vived in recent months, some further loss of competitiveness is likely to have occurred since the start of 1985. Since then, average earnings have continued to rise strongly while sterling has appreciated sharply.

Exporters were able to increase their profit margins in both 1983 and 1984 in response to sterling's weakness, while higher import prices also allowed a smaller inrease in margins on the domestic market.

That trend is likely to have been months of this year.

MEASURES OF UK COMPETITIVENESS Porcentage changes, Q4 on Q4

	1981	1982	1983	1984
Price competitiveness in export				
merkets (a)	~ 9.9	0.6	0.1	-3.5
Price competitiveness in the UK	- 3.6	0.9	-3.1	-4.9
Relative unit labour costs (a)	- 13.2	-23	-6.7	-5.6
Profit mergins on UK exports	27	2.0	4.7	0.9
Relative profitability of UK exports (b)	2,2	-0.2	3.2	3.4
Sterling exchange rate index	— 10.5	-0.7	-6.6	-9.7
(a) Improvement shown as negative				

Bill arbitrage has small part in higher lending

ONLY a small proportion of the increase in bank lending to the private sector is associated with

Bill arbitrage is the practice of borrowing against commercial bills which are then sold to the Bank of England, and using the proceeds to earn a higher rate of interest on deposit with banks.

After investigating reports of this practice, the Bank says that the amounts involved nearly aiways proved to be much smaller than was suggested in stockbrokers' reports

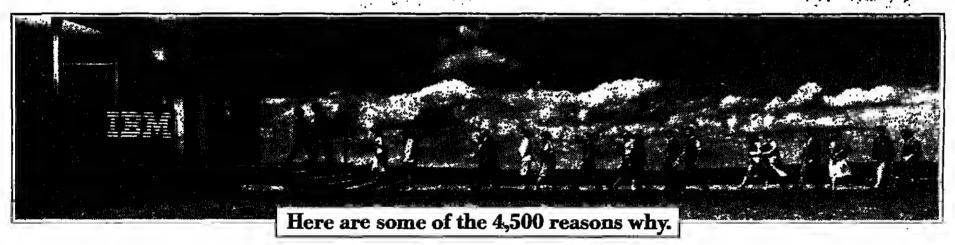
It says that there had been opies for arbitrage in each of the banking months between

did not become any more fre-quent or more attractive in reent months, so that one-month bill arbitrage cannot readily be in the amount of bank lending ding during the period.

The Bank estimates that the net contribution of bill arbitrage to the £15bn rise in commercial bank lending between August 1984 and April 1985 could be be-Nevertheless, it has told com-

mercial banks whose hills are eligible for purchase by the Bank, that " it regards the promotion of artificial transactions of this





The IBM factory in Greenock, Strathclyde, is one of the most technologically advanced in the world. 3,000 people visit it a month, to see information technology in action-including advanced manufacturing using robotics.

A star attraction is the Automated Materials Distribution Centre, which is capable of moving 220 tons of components an hour-all under computer control.

Computer links between IBM and suppliers' warehouses, and within the factory, mean that parts arrive for assembly when and where they are needed. Making continuous flow manufacture possible.

Today, the Greenock plant, with 2.700 full-time employees, is one of Scotland's major exporters. But there is another equally important IBM plant in Britain. In Havant, Hampshire, with 1,800 full-time employees.

COMPETING WORLDWIDE

Havant manufactures IBM's cashdispensing terminals and finance systems for Europe and it is one of the largest manufacturers of IBM's medium-sized computers.

It is also a major European manufacturer of disk storage devices, which are assembled in totally clean conditions. Air has to be filtered to protect both

the disk surface and the read/write head flying above it (the gap between them is one tenth the diameter of a human hair).

To help achieve such dust-free conditions, Havant has just installed IBM's most automated clean-room.

Both Havant and Greenock compete for manufacturing contracts against other IBM factories.

It is significant that the two British factories make so many important IBM products for markets throughout the

BRITISH "ADDED VALUE"

Havant and Greenock owe their success, more than anything else, to the skills, ingenuity and dedication of their employees. Which is why IBM puts such a high value upon its people.

IBM hires its manufacturing staff, like all its staff, on the basis that they will be with the company for the rest of their working life.

Neither of the IBM UK factories has ever laid off a single employee. Instead, as products and processes have changed, so IBM has retrained its staff in whatever new skills are needed.

BUILDING QUALITY IN

In the old days, four or five years ago, 99% perfect was a high achieve-

Today, we measure defects not in

percentage terms, but in parts per million. There is a good reason. A device

that is manufactured without defects in either components or assembly, tends to operate without defects. In 1984, Havant won the first British Quality Award. But to achieve

motivation. For example, a team of 20 responsible for logic arrays recently worked for 8 months, completing 90,000 operations without a single error.

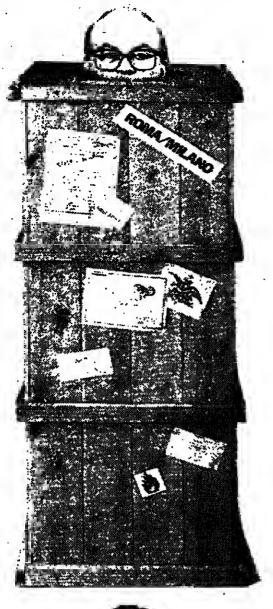
such high quality requires very high

We're very proud of that, as we are of all our employees. They have helped make us Britain's 6th biggest exporter* exporting 85% of everything we make

For more information, please write to: IBM United Kingdom Limited, External Programmes, South Bank, London **SE1 9PZ.** *Source: Times 1,000. 1984-85

JUST THE JOB FOR BRITAIN.

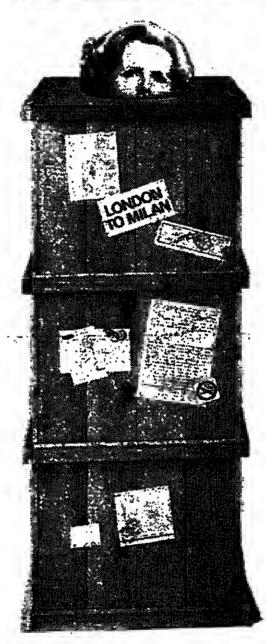
Financial Times Friday June 28 1985

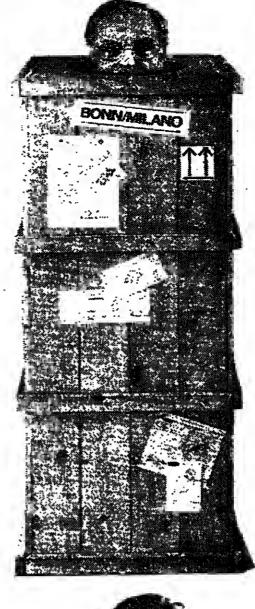




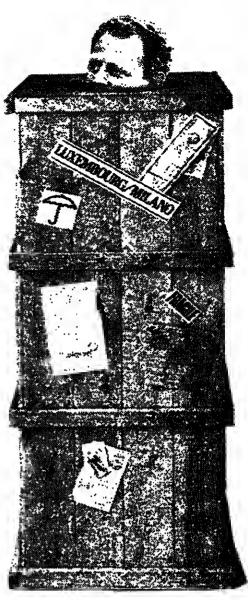
















LADY AND GENTLEMEN IFYOU WERE FREIGHT, THE SUMMIT WOULD BE OVER BEFORE YOU GOT THERE.

Today, the Heads of Government of the European Community

countries are meeting in Milan.

The main subject on the agenda is the mess that the Common Market's in.

Market's in.

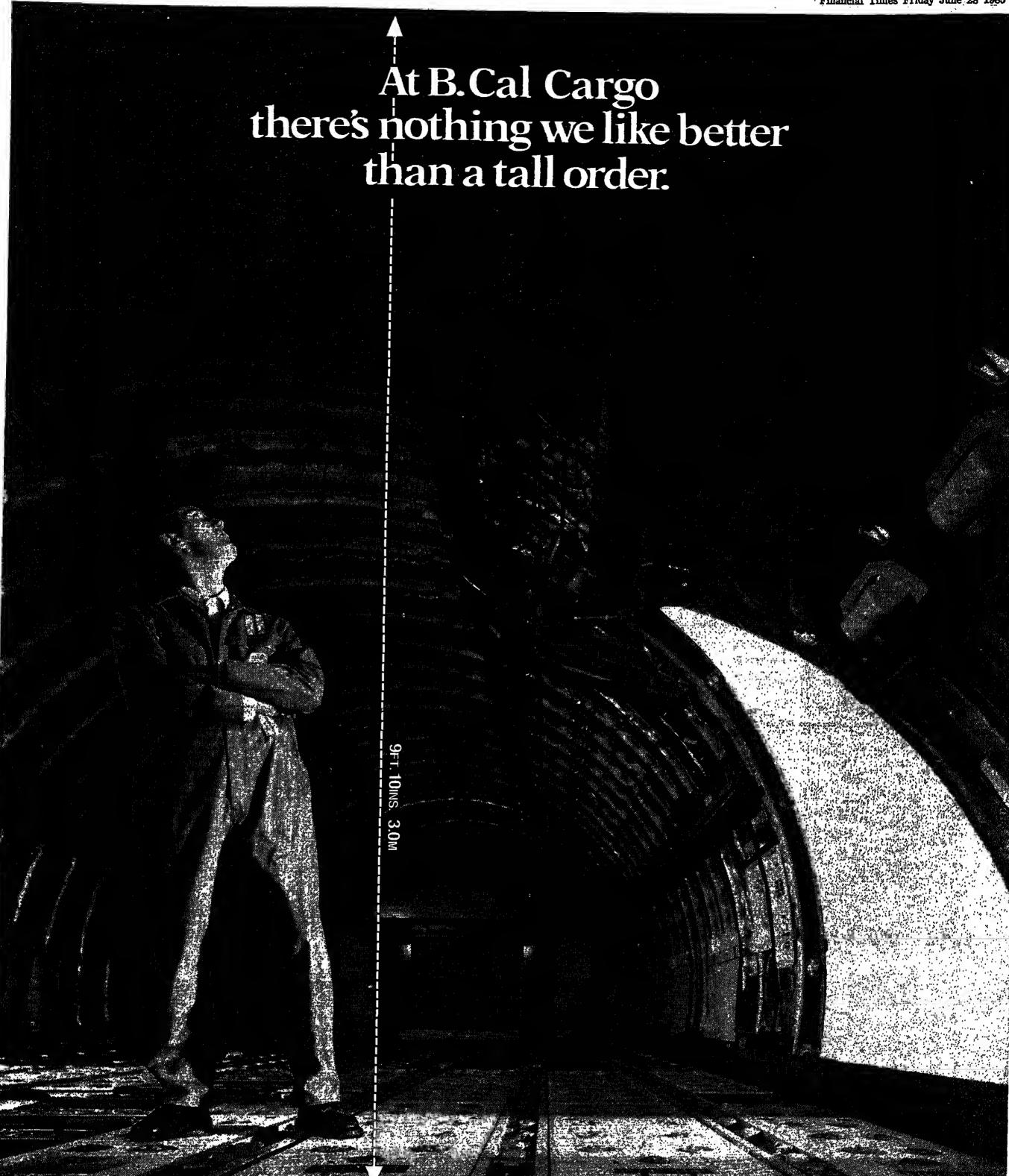
Lorries are delayed for hours at frontier posts. State companies refuse to buy from other European countries.

Petty laws shut competitors out.

It's a mess we all pay for with high prices and low prosperity. But it doesn't have to be like this.

Look at the United States. They have a united market that works, and that has created nine million extra jobs in just the past ten years. By contrast, our European market actually has about the same number of people in jobs as it did ten years ago.

That's what the European Heads of Government can decide to change today—and thereby promote a more united Europe.



From Tuesday British Caledonian started flying cargo at a new height... 9ft. 10ins.

That's the height of cargo we can accommodate helicopters, even heavy machinery. on the upper deck of our new Boeing 747 Combi. It's a Thinking big hasn't made us big specially equipped aircraft that divides the passenger deck to accommodate cargo.

To keep up with the future demands of the air cargo and commitment industry we are thinking big, so our 747 Combi flies seven leading carriers.

So when you

height and extra tonnes. In fact, any container or pallet in mark.

the cargo industry can be accommodated in our Combi, as well as large volume shipments such as vehicles, boats, we've got a big future.

Thinking big hasn't made us big-headed. But we are proud to say that there's one thing which sets us apart from other airlines, and that's our people. Their dedication, care and commitment have made B.Cal Cargo one of the world's

So when you give us a tall order we welcome the By thinking big we're adding extra capacity, extra challenge, because we know our people come up to the

B.Cal Cargo, with our new Combi and the best people,



Our people make us better

*A DC10-30 replaces it once every fourteen days.

UK NEWS

Bank of England gives guidance on Westland

SIR JOHN CUCKNEY, newly-appointed chairman of Westland, the struggling British helicopter maker, denied yesterday that either the City of London or the Govern-ment was working on a financial rescue package for the company.

The Bank of England did confirm, however, that it had provided guidance and a forum for discussions aimed at resolving Westland's

Talks that have taken place over the past few weeks have been aimed primarily at solving ques-tions such as the make-up of the board - Sir Basil Blackwell resigned as chairman on Wednesday to make way for Sir John - and reestablishing the group's credibility with government and non-govern-ment buyers.

by Mr Alan Bristow's Bristow Ro-torcraft, after initially rejecting tha with a large international company. bid, was seen by many in the City

and within the company as indicating an "erratic" management.

When Mr Bristow took the surrise decision on June 21 to drop his bid, Westland was left still looking for a strong international part-ner to help it through the next few years when orders seem likely to be

"It is absolutely wrong to say there is a rescue package," Sir John Cuckney said. "I have only been chairman for 18 hours but there is not, as far as I know, an immediate

establishing the group's credibility for the results of a review of its opin the longer term to the company, with government and non-government buyers.

Westland's decision to accept the ES9m takeover bid launched in May

One alternative, of reducing the size of the group's business to con-centrate on specialist niche mar-kets, appears to have been rejected needed to develop new products.

The priorities of the board, under group's credibility and to improve relations with the Government, an important customer. Previously, Westland's relations with ministers were not particularly good.

There appears no prospect of financial problem."

either the Government's or the The Westland board plans to wait

Bank of England's providing funds

Shell sees prospect of stagnant oil demand

during the next decade, but the most likely prospect is for a slow prices might not be as disastrous rate of growth, according to a series of forecasts published yesterday by

two possible pictures one which en-industry. visages the world overcoming its
problems of trade friction, debt crisis and economic rigidity and a secand which sees the global economy • On oil companies buying back lapsing into a fragmented, protec-

energy prices would curb demand for oil. Free world oil demand ceed the long-term requirements of would scarcely rise at all until the the business," he said.

aithough producing lower economic and demand is forecast to rise from management or board. today's level of around 46m h/d to about 53m h/d by the turn of the

Mr L.C. van Wachem, president of Royal Dutch, said that oil companies had to face the possibility that oil prices might drop significantly.

The impact of such a develop.

Having just announced the \$that the impact of such a develop.

ment he said, would vary from oilfield to oilfield and company to company, especially since governments could be expected to ease fis-

OIL DEMAND could be stagnant cal terms to encourage companies for oil companies as is sometimes of forecasts published yesterday by
the Royal Dutch/Shell group.
In presentations to security analysts, Shell executives sketched out

their own shares, he said that Shell had no plans to follow the example In the first possibility which Shell of companies such as Exxon, which calls the "next wave" outlook, there had spent more than \$4bn on its would be high levels of economic own shares in the last two years. growth, but advancing technology, "Share repurchase should only be interfuel competition and higher considered when the cash availability is expected permanently to ex-

· Shell Oil, the U.S. subsidiary of The "dividend world" possibility, the Shell group, whose acquisition was recently completed, will opgrowth, envisages weaker oil prices erate without any change to the

> Large-scale, international diversifications are not under consider-ation, but the group is anxious to enter new fields on a modest scale through what it terms "learning

purchase of a stake in Occidental's Colombian oil discovery, shell says it is still in the market for attrac-

Union threatens strike over steel closure

BY OUR LABOUR STAFF

Steel Trades Confederation said cy. yesterday that they were prepared to ballot one fifth of the union's la-bour force on strike action if British Steel Corporation (BSC) went ahead with its plan to close the Tinsley special steels plant in Shef- proscriptions and witch hunts

Their decision in conference at Jersey yesterday raised the prospect of the first major confrontation in the UK steel industry since the national stoppage of 1980.

The union is also seeking legal advice on taking out an injunction against BSC in an attempt to halt the rundown or closure of the works on the grounds of lack of con-

The Transport and General Union yesterday rejected a move to grap the thing autumn with the support bar from office members of the sion, strain and suspicion," he said. | 100 minvestment by Peugeot.

LEADERS OF the Iron and and Trotskyist group, Militant Tenden

After a devisive and emotional debate at the union's conference at Bournemouth, delegates voted by about 2-1 in favour of a statement from the executive opposing "bans, within the union and the Labour

This decision was taken even though the conference had given a standing ovation on Monday to Mr Neil Kinnock, Labour Party leader, for a speech in which he talked of giving "the short arm chop" to extremist groups.

Mr Ron Todd, general-secretary

elect, said the union did not want to return to the situation of post-war years when Communist Party membes were banned from office. Workers' Union. Britain's largest Union yesterday rejected a move to lowed to grip the union with divi-

Talbot to cut car kit production

TALBOT, the UK subsidiary of Pau-

geot of France, is to make up to 250 workers redundant and cut produc-tion on its troubled £130m a year contract to supply car kits to Iran. The cuts will be made in spite of news that about £70m has become available from Iran, both to finance the purchase of 34,000 car kits stockpiled in Britain and to enable

Stoke engine plant at Coventry. Workers at Stoke, laid off since the beginning of June, will be re-called on August 5 but weekly output will be reduced from about 1,800 kits to 1,200. Talbot reported last night that it had already had "quite a high response" to its call for up to 250 volunteers for redundancy.

production to restart at Talbot's

Union leaders seemed resigned to the announcement and sceptical about the long-term future of a contract subject to repeated disruption in recent years. "If one group of workers deserved a bit of good luck it is ours for their patience," said Mr Duncan Simpson, the engineer-

ing union convener.

Talbot insisted the Iranian contract still had a long time to ron' and was important to the Stoke plant Problems with payments from Iran halted work on the deal in early June after a seven-week standstill earlier in the year. No kits have been shipped to Iran since

last November difficulties with a complex barter arrangement which Talbot had pre-viously claimed should provide con-tinuity of payment well into next

About £50m is now thought to be available to finance the transfer of the 34,000 car kits to restart Iranian assembly. Another £20m will fund future production in Coventry.

The disruption to the Iranian contract is likely to push Talbut back into loss after two profitable years. In 1983 the company recorded a net profit of £3.1m after accumulated losses approaching £400m over the previous decade.

Mr Geoffrey Whalen, the manag

ing director, warned in his annual report that problems with Iran were a key factor in reducing the 1984 net profit to only £727,000.

Export to Iran in 1984 were 57,500 kits against 87,800 the previous year. The latest cuts should still provide for the supply of about 50,000 kits a year.

Crucial to Talbot's UK plans is the C28, a medium-sized hatchback that will go into production at the Ryton assembly plant, Coventry this autumn with the support of a

Liffe launches options market with fierce battle in view

BY ALEXANDER NICOLL

A RITUAL BELL was rung yesterday by Mr Norman Tebbit, Secretary for Trade and Industry, to launch trading in options on the floor of the London International Financial Futures Exchange (Liffe).

As the perfunctory opening cer-emony approached, option traders dressed in the many-coloured jackets traditionally worn on futures exchanges crowded round the new op-tions pitch - located at one end of Liffe's trading floor under the dome of the Royal Exchange.

Traders in the exchange's Euro-

dollar futures pit, meanwhile, re-fused to be outdone. Their shouted bids and offers all but drowned out Mr Tebbit's few words of encour-

With business safely under way, Mr Tebbit said options offered new opportunities for protection against economic risk.

They offer, particularly to those in international trade and com-merce, a means of coping with uncertain currency expusure - a problem that in the past has played hav-or with profit margins."

He added. To maintain its position as an international financial centre, it is essential that London

offers a full range of financial services to match its foreign competi-tors." Currency options extended the protection offered by financial futures against volatile markets.
Liffe's sterling/dollar option, one

of the two contracts launched yesterday, will compete against London Stock Exchange options introduced in May. It will be a fierce battle, with the market as a whole betie, with the market as a whole be-lieving – and the participants ac-knowledging – that only one mar-ketplace for currency options can he successful in London.

The sterling option is intended to appeal to banks and companies wishing to bedge their currency risks, as well as to speculators who can obtain a highly leveraged in-

vestment.
Providing the right to buy or sell 625,000 in exchange for dollars at a specified rate any time before expiry, it is twice the size of its stock exchange's option and therefore less likely to attract small investors. Even less for the man in the street is Liffe's second option. which provides the right to buy or sell its own futures contract based on U.S. Sim Eurodollar three-

expected to appeal to banks operat-ing in the huge Eurodollar market. as well as to companies and portfol io managers seeking more efficient management of their liabilities and Liffe, which claims to be the

world's largest futures market out-side the U.S., is offering a powerful incentive to establish itself as a recognised marketplace for option Members who have subscribed to the options market will pay no transaction or clearing fees until the end of September.

The exchange has also intro duced a new system similar to that in futures markets where participants initially pay only part of the ecost of a contract, adjustable de-pending on the market's movements. The system, offered by no other exchange, will enable mem-ber to offset their futures and options positions against each other. Liffe has received 177 applica-

tions to trade options.

With options contracts springing up on exchanges around the world and business booming, especially in Chicago and Philadelphia, Liffe also plans an option on its long-gilt month deposits. But the contract is futures contract.

Europe, June 1985.

In the exclusive middle-range saloon market, there's now a completely new reason for choosing the **BMW5-Series.** It's the competition.

Are you aware of all the facts?



Over the past few months, BMW 5-Series competitors have been getting quite

As a result of some admittedly not entirely uninteresting new model introductions. We welcome tha news.

Because it at last gives Europe's more demanding drivers a real basis for checking out which car actually offers them the best value for their money. Naturally, you can take features like high quality construction, a contemporary design concept, exceptional standards of comfort and safety for granted in any internationally recognised car of this class.

And they're all reasons enough for driving

an above-average car. However, we still don't think they're enough to help you choose between the very best alternatives at this level. We believe it's essential to take a closer look at the fundamental differences between the leading makes before making

So we'd like to give you a few factual hints in that direction.

1. Electronic fuel injection. You'll be surprised how many cars with

impressive-sounding names, and equally impressive prices, still offer conventional carburettor technology.

Not so BMW. More than anything else, BMW exclusivity stands for the very latest in automotive

That's why you can take all the performance, economy and environmental consciousness of electronic fuel Injection for granted with BMW, starting with the 5181. Not only a significant contributor to long-lasting quality but also to lasting value.

2. Digital Motor Electronics. 5. Contemporary.

These days, any so-called quality car range that doesn't offer you Digital Motor Electronics, isn't offering you the best in engine technology. With BMW, you'll discover it's already a

standard on the 525e. Digital Motor Electronics (DME) -- the completely computerised engine management and control system - ensures far-reaching fuel-mix and ignition advantages, in terms of performance, economy and exhaust emissions, even when used

in conjunction with a catalyst. As many as four of the 5-Series models feature DME: a technology you'll search for in vain on comparable cars of another

3. 6 cylinders from 2000 cc.

An In-line 5-cylinder engine guarantees noticeably smoother running refinement than 4 or 5 cylinders. BMW gives you all the benefits from as low as 2 litres.

The fact that it's universally accepted that 6 cylinders are a prerequisite for really top-class motoring refinement is amply illustrated by the number of manufacturers who offer it on their higher capacity and

higher priced models.

A BMW owner is someone who isn't willing to compromise on refinement even at two

4. No dass constraints.

You can also judge the quality of a model range by its top models.
With the BMW 5-Series you can get up to 3.5 litres capacity and all the torque and unrivalled performance that goes with it. Although the BMW 5-Series models belong to the so-called "exclusive middlerange" category, they nevertheless reflect
—especially the high performance 535i,
M 535i and M 5 versions — many of the
superlative qualities of their larger stablemates, particularly in the exceptional ride and safety reserves of their advanced suspension system.

strictest quality criteria. It also reflects the demands of our time. BMW exploits the most advanced technologies available to resolve the conflict between dynamic and responsible driving. And the BMW 5-Series combines the classic sporting personality of a BMW with a strictly functional sense of style to create a car with a truly unique character: the concentration on inner values, without the usual obtrusive demonstration of status, leads to a pleasingly new and unpretentious dimension in exclusivity – an understatement that takes a positive step towards the more critical and rational attitudes of our day.

The BMW 5-Series doesn't just meet the

If you compare, point by point, the various alternatives in terms of price and value, you're sure to come to the same conclusion as us. There's really only one answer: BMW is the better way to drive.

But that's something you should experience for yourself. So why not ask your nearest BMW dealer for a personal test drive?

Model and equipment availability in the BMW inter-national range may vary from country to country.

BMW AG, Munich



beller

P & O GROUP

Town & City in the Triangle...

A MAJOR planning battle, and Watford or ev a crucial test case for green belt Greator London. Mr Brian Rig M25 orbital motorway, is prodicted following Town & City's selection as prospective developer for the "Golden Triangle"—the 90-acre Bricket Wood site at the M1/M25 interchange north west of London, between Watford and St Alhans.

Town & City, part of Sirefrey Sterling's recently Jeffrey Sterling's recently merged P & O/Sterling Guaran-tee group, already has its hat in tho M25 ring with a bid for a 2000m retail and leisure complex at Thurrock, north of the Dartford Tunnel, whore it is in competition with a Capital & Counties / Pearson group

For the Triangle, it has been selected from a short list of seven dovolopers to nogotiate the Department of Transport and the trustees of local land-owners — to purchase an

Thus armed, its next movo is to opproach St. Albans City and District Council, the planning

Both the districts, and tho Hertfordshire County Council's structuro plans designato this site as metropolitan green belt and an agricultural priority area. St Albans does not like the prospect of being sucked into conurbation, initially with

Mr Brian Rigby, leader of the Alliance-controlled district council, commented: "the developors will not get from this district council-and this is a unanimous, all-party view -acceptance for any developmont which is not groon belt or agricultural."

He said that Mr Patrick

Jonkin, the Environment Secretary, bad said in direct response to St Albans and Hertfordahire queries that the impact and effoct of motorway dovolopmont would not look to the obuse of commercial development.
green belt policy—this in October last year; and, later, that a
planning appeal would not be intends to ask for a very low in or get out."

but what, it asks, was it supposed to do? The land, part of that purchased for motorway construction, is surplus to requirements; the department is under an obligation to sell, it says. It knows only too well the brickbats It would get if the land wero sold, classified as Grado III agricultural, and sub-soquently got permission for

granted if it wero in breach of density schome incorporating county or district structure some retailing, a business park, some loisuro and an hotel— The Department of Trans- "and a great deal of land-port collects some stick for scaping," he says, "paying being a party to the marketing particular attention to the architecture to make it of domestic scale—not high rise.

"We feel that access, which can only be from the A405 (third log of the trianglo, with the two M-ways) should be made as good as possible, vio a flyover or flyundor," be says.
"Wo are also conscious of the
foolinga and viows of residents
of the Brickett Wood bousing area directly across the A405
—where traffic is such that residents frequently cannot get

... and synergy in the City

together," recalls Sir Jeffrey, "it was a morger of many complomentary interests and wo wore hoping for synorgy. Now we have it, with Town end City and Bovis working togothor."

ultimately, permission to develop the site. This is whore the trouble begins.

T & C is joint project managor, and Bovis responsible for construction, in a new P & O project to refurbish or the construction. project to refurbish or re-develop P & O'a former head-quarters, Beaufort House in St Botolph Street near Aldgate.

The most remarkable feature of this project is that it takes in decided to continuo. which could take the large Stockley in a joint ventre, and as joint project manager. Bernerd, director of Stockley, ft — which are now in dependent of the could take the large stockley in a joint project manager. Bernerd, director of Stockley, ft — which are now in dependent of the could take the large stockley in a joint ventre, and as joint project manager. Bernerd, director of Stockley, ft — which are now in dependent of the could take the large stockley in a joint ventre, and as joint project is that it takes in decided to continuo.

Both Sir Jeffrey and Elliott floors — in excess of 20,000 sq as joint project manager. Bernerd, director of Stockley, ft — which are now in de-

House Development which will where two or more principals acquire the long lease of the bave pooled their interest in property, now hold by P & O.

Mr Bernerd omphasises that

P & O opened np discussions on Beaufort House, first with London and Edinburgh Trust but then more oxtensively with but then more extensively with Stockley, when Sir Joffrey was chairman of both P & O and SGT but whila those two companies were still apart. By the time they merged, says Sir Jeffrey, discussions with Stockley were so advanced that It was decided to continue.

is yet another development

Mr Bernerd omphasises that the decision to redevelop or refurb has not been taken yet. But he says that refurbishment would be at a limited cost whoreas redevelopment could take the partners into the £50m to £60m bracket.

The development option is clearly tempting. "There aro few major sites left in the city

Royal funds **Bargate**

ROYAL LIFE is to fund Dunning Developments' £25m, 155,000 sq ft Bargote Centre in Southampton on a sito at the bottom of the pedestrian section of Above Bar, the city's main channing nitch main shopping pitch.

The schemo, says Royal, will be Southampton's first major shopping devolpoment, comprising fully enclosed shopping malls with retail and storage accommodation arranged on four levels. It will also incorporate o central arrium loading to a new 240 space multi-storey to a new 240 space multi-storey car park at the rear.

Royal says that the scheme bas the support of the local council and is expected to ohtain planning consent sbortly. Construction work is expected to start early in 1986 and will take about two and a-half years to complete.

a-haif years to complote.

Thero are long standing plans for anothor ceotre on Western Esplanado in the city, now known as the Marlands devolopment, where Horon Corporation and CIN are looking for a retail content which has been cut back, and is now estimated at between 200,000 and 250,000 sq ft.

mated at between 200,000 and 250,000 sq ft.
Royal will acquire the free-bold of the alte. It was advised on the acquisition by St Quintin, while Dunning's agents were Suttons Commercial.
The Bargate Centry will represent Royal Life's second largest retail commitment

Decentralisation moves continue

THE ENTIRE 140,000 sq ft of be useful within one to three offices contained in the Quadrant Centre, Redhill, 2 #40m town centre develop-ment on the southern stretch of the M25 by Norwich Union Insurance — in partnership with Surrey County Council and Reigato and Banstead Borough Council—hausteau pre-let by sole agents Jones Lang Wootton to Lombard North Central.

In a major decentralisation move, the NatWest subsidiary is paying a rent of £13 per sq ft. Elsewbore, Dimsdale Developments (South East) has attracted the makeup group Max Factor to its 21,775 Watermans Park office scheme at Rantford Elwanders. scheme at Brentford River-side. Max Factor, decentralis-ing from Davies Street in London's West End, is taking the whole scheme at a rent of £305,000 per annum.

Stockbrokers Serimgeour Vickers say that Stock Con-version's £30m White City doal with the BBC helps raise doal with the BBC helps raise its asset value from a March 1985 level of around 550p a share to a current estimate of

Peter Levy, a director of Stock Conversion, thinks that its pre-emptive rights on the BBC's key, freebold Langham site in the West End of London — secured as part of the White City deal — could

years. Paul Hamlyn and Sir Terence Conran, in a partnership advised by Jones Lang Wootton, have paid a reputed Som for the freehold of Michelin House, the tyre company's 90.000 sq ft head-quarters at 51, Fulliam Road, Chelsea London SW3. Michelin were advised by Gerald Eve.

Plans include offices on the upper floors, a major store at ground and basement levels and a new restaurant within an "extensive and sensitive" renovation of the building, built to only five months in 1910, which now has a Grade H listed facade.

Colliers Bigwood & Bewlay acting on behalf of the Harris & Sheldon Group havo disposed of the former English Rose Kitchens Factory, 126,300 sq ft at Wedgnock Lane. Warwick to Volvo Trucks. The price realised for the preparaty over \$14m. for the property, ovor £1½m, includes some 4.85 acres of further development land. • Cadillac Fairview end Daon

Development have sold thoir jointly owned, 605,000 sq ft office building at 444 Markot Street in San Francisco to two pubtle limited partnerships sponsored by Merrill Lyneb Hubbard for U.S.\$140m (£108m).

Putting Cork in position

STRUTT AND PARKER partner Peter Banks, acting for the American owned Thomas Cork (Service Merchandisers), saw the second phase of the com-pany's new office/factory/ warehouse complex at Lenton Lane, Nottingham, come in on targot this week.

Committee of the second of the

Cork puts goods on super-store shelves, it is growing fast and it wanted its new building in a hurry. Banks says that the purchase of the land, an old rubbish tip, went through last September, planning permission came in a couple of doys and the builders were on the site the builders were on the site in three.

"I would normally expect a gap of eight or nine months between site purchase and the start of building work; and 18 months' construction, moening a total period of 24 to 30 months between purchase and occupation," he says.

In this case Cork had to move

in this case Cork had to move into its assembly section in May of this year, and did so. Strange space, another major area, followed this week and the ancillory office space will follow in September.

Strutts worked with local coatts. Natures Giles Viers

agents, Nattrass Giles. Vigers as project managers and Conder Projects (Midlands) as the con-

Mr Banks says that the build-ing has lost nothing in archi-tectural quality from the speed of its construction. Cost of the project was in excess of £3m.

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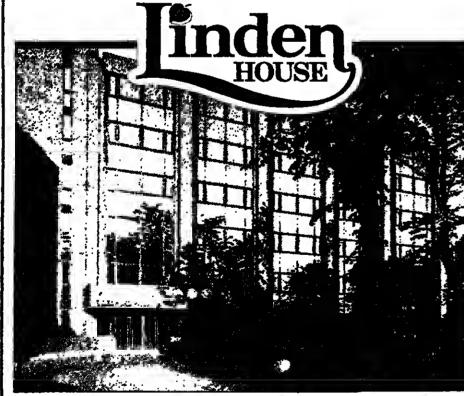
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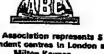
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*The complete balance sheet as well as the profit and loss account will be published in the MEMORIAL, official greette of the Grand-Duchy of Luxembourg, edition C.

1983		1984
5,748 MM. DM	Balance sheet total	6,464 WHE DOE
3.044 MELDM	Due frem customers	3,355 MML DM
2.507 MEL DM	Due from banks	2,874 MBL DM
66 MALDM	Securities	-80 Mill. DM
5,325 MELDM	Deposits	5,998 MEL DM
206 MEL DM	Legal capital funds	222 MM DM
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Company Notices

ANGLO AMERICAN CORPORATION OF SOUTH AFRICA LIMITED

(Incorporated in the Republic of South Africa)

Reby silven til 1 the sixty-eighth annual general meeting of members nevican Corporation pt Soeth Africa Limited will but held at 44 Main interview on Tauridaa, Augest 22 1985, at 9000 hours, for the silvests.

Jone 27 1985

NOTICE TO HOLDERS OF EUROPEAN DEPOSITARY RECEIPTS (EDRE IN MAKITA ELECTRIC WORKS, LTD.



FRIESCH-GRONINGSCHE HYPOTHEEKBANK N.V.

U.S.\$ 20,000,000 Floating Rate Notes due 1987

In accordance with the provisions of the Notes, notice is hereby given that for the interest period from June 27, 1985 to September 27, 1985 the Notes will carry an interest rate of 8 1/2 % per annum.

The interest payable on the relevant interest payment date, September 27, 1985 against coupon n°14 will be U.S.\$ 108.61 per Note.



Agent Bank KREDIETBANK S & LL VEMBOURGEOISE

NOTICE TO HOLDERS OF EUROPEAN DEPOSITARY RECEIPTS (EDRS) IN EUROPEAN DEPOSITARY RECEIPTS (EDRs) IN

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Further to dur notice of Merch 25, 1985, EDR holders are lefermed that

Further to dur notice of Merch 25, 1985, EDR holders are lefermed that

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with Japan gining the bench of the tedesco withholding rate. Countries currently having a con arrangements are as follows:

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tie MARRIAGE BURBAU Joursty 124, New Bond Str. 1-019 9814. EEC. 1936.)

Personal

London American Energy N.V.

Notice to Shareholders

In his scatement of 3rd April 1985, the Chairmen of London American Energy N.V. noted that the group was negotisting a loan facility of \$10 million. This loan has now been signed and, eccordingly, the Board has declared a capital distribution of \$100 per where, payable on 10th July 1985. Payment on registered shares will be made in dollers to or to the order of the holders of record on 3rd July 1985. Payment on bearer shares will be made in dollars by cheque or by transfer to as account malneained by the payee with a Bank in New York City against presentation of coupon number 10 at the offices of J. Henry Schroder Wagg and Co Limited. 120 Cheapside, London ECZV 6DS or J. Heory Schroder Bank and Trust Company, One State Street, New York 10015 or Banque Generale du Luxembourg S.A., 14 rue Aldringen, Luxembourg.

London American Energy N.V. 25th Juune 1985



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74% 1972/1987 FF 175,000,000 Fund istraction of the condition of the

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Amount outstanding: FFr 22,000,000.
Principal Paying Agent
RREDIETBANK
6.A. Luxembourgediss Loxambourg June 28, 1965

Legal Notices

MAJOR COATS LIMITED

(IN VOLUNTARY LIQUIDATION)

NOTICE IS HERERY GIVEN, pursuant to section 239 of the Compaines Act 1948 that a Seneral Masting of the Members of the above-named Company will be hid at the offices of fungle & Company, Chartered Accountants. New Broad Street House. 35 New Broad Street Londen ECZM 1NH, on 27th June 1965 at 11.07 a.m. to be followed at 11.15 a.m. by a General Mesting of the Creditors for the purpose of receiving an account of the Liquidator's acts and dealings and the condact of the winding-ud to data.

11th June 1965.

S. K. SINCLA, F.C.A.
Liquidator.

IN THE MATTER OF THE COMPANIES ACT 1948 AND TUSCANI COLLECTIONS LIMITED T/AS BANTA FE

NOTICE IS HEREBY CIVEN Parsuant to Section 283 of the Compaless Act. 1948 that a MEETING of the CREDITORS of the above asmed Company will be held at Great Eastern Hotel, Liverpool Street, Loedon, EC2, oe Thursday 4th July, 1968 at 2,30 om for the purposes mentioned in Sections 294 and 295 of the Said Act.

Ostat this 24th Jace, 1985.

By Order of the Board,
C. NANJE.

Oirector.

THE COMPANIES ACTS 1948 TO 1978 DREAMSCENE LIMITED

NOTICE IS NEREBY GIVEN, persoent to Section 293 of the Comdenies Act 1948, that a Messing of the Craditors of the above-natured Company will be half at The Conneught Rooms, Creet Queen Street, London, WC28 50A on Wednesday, the 10th day of Jaly, 1985, at 10 30 o'clock in the lorencon, for the purposes manufaned in Sections 294 and 295 of the eaid Act.

Dated this 5th day of June, 1985, By Order of the Board DAVID FOOT, Secretary

THE COMPANIES ACTS 1948 TO 1976 DREAMSCENE FURNITURE LIMITED MOTICS IS HEREBY GIVEN, pursuent to Section 283 of the Companies Act 1948, that a Meeting of the Creditors of the above-named Continent will be held at The Consulpht Rooms, Great Ouser Street, London, WC28 50A on Wadnesday, the 10th day of July. 1865, at mentioned in Sections 294 and 295 of the autil Act. the said Act.
Octob this 5th day of June, 1985.

NOTICE OF EARLY REDEMPTION OF BANQUE FRANÇAISE DU COMMERCE EXTERIEURE U.S.\$400,000.000

GUARANTEED FLOATING RATE NOTICE IS HEREBY GIVEN to the holders by the above invisioned Motes that Resister Franciste sis Contained Exteriors will uncored to the arry reservation of the total of the onformation of the theory across selection will crosse M of that same data.

BANQUE INTERNATIONALE

A LUKENBOURG Spicietz Ananyme

Spicietz Ananyme

Fiscal Aspect NOTES OUR 1987

HITERHATIONAL B.Y. Floating Rate Note Issue of US\$25,000,000 1981/1989 The rate of interest applicable beginning June 28 1985 and set by the reference agent is 81%

EULA

annually. LEUMI INTERNATIONAL INVESTMENTS

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Art Galleries

ngnew Gallery, 43 old Sont St., W1, 01-529 6175. ZOWARO LEAR, Ornsinss and West Colors. Until 25 June. Mon-Pri. 9-10-5-30, Thurs. ontil 6-30. CHEW CALLERY, 43 Ow Sond ST. WI. 01-629 8178. VENTURY DISTURES OF THE 130 CENTURY DISTURES SON MOR. Fr. 8.30-3.40. There uptil 8.30.

BROWSE & BARRY, 19. Cark Street Loadon Wf di-734 7984, FINE BRITISH AND FRENCH Reliefing, Graw-ing and scalptore, 1879-1950, DFEVRE GALLERY, 3d. Bruton St., WI. 01-493 21d7 IMPOSTANT XIX & XX CENTURY WORKS OF ART. 20th June-27th Jaly. Mon.-Fri. 10-5, Sats. 13-12-30.

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£100,000,000



FLOATING RATE DEPOSIT NOTES, **DUE 1994**

> For the three months 27th June, 1985 to 27th September, 1985

In accordance with the provisions of the Deposit Notes, notice is hereby given that the rate of interest for the above interest period has been fixed at 1211/hs per cent and the interest period has been like at 127th September, 1985 for such interest period will be £159-90 on a principal amount of £5,000 of the Deposit Notes and £1,598-97 on a principal amount of £50,000 of the Deposit Notes.

Morgan Guaranty Trust Company

Moët·Hennessy

The Annual General Meeting of Shareholders, which met in Paris on June 13, 1985, with Mr Alain Chevalier in the chair, approved the financial statements and balance sheet for the year ended December 31, 1984.

The meeting set the dividend for the year at FFr 23 per share, to which is added tax credit of FFr 11,50, giving a total dividend of FFr 34,50. An interim dividend of FFr 9 was declared on February 4, 1985. The balance outstanding, i.e. FFr 14, will be made payable on July 1, 1985, against presentation of coupon No 41.

At its subsequent meeting, the Board of Directors renewed Mr Alain de Pracomtal's appointments as Deputy-Chairman and Managing Director.

The Chairman informed the Board that the Group had performed satisfactorily in the first five months of the year, consolidated sales having



Credit for Exports PLC (Incorporated in England with limited liability)

U.S. \$155,000,000

Unsecured Floating Rate Notes

due 1985 to 1992 In accordance with the provisions of the Notes, notice is hereby given that the rate of interest for the period from 1 July 1985 to 2 January 1986 has been established at 8% per cent, per annum.

The interest payment date will be 2 January 1986. Payment, which will amount to US\$423.98 per Note, will be made against the relative coupon.

> Agent Bank Morgan Grenfell & Co. Limited

The Diary of a Somebody.

If you're somebody in business, you'll need the Financial Times Diary on your desk in 1986. You'll find it's much more than a diary. It's a complete Business Directory for the busy

executive. Whether you're planning business trips at home or abroad, you'll quickly find the essential information you want — concisely and clearly laid out. Vital details such as how to get there, where to stay -even what

In addition, e matching range of FT Desk and Pocket Address Books, Pocket Diaries and Wallets, complete an elegant and practical set. For more information on the Financial Times Diary Range, contact John Ashley Diary Sales Manager, on 01-623 1211. And make that your earliest New Year's resolution. Or write to: Diary Department, FT Business Information Ltd., FREEPOST, London EC4B 4DT.



SHEARSON BROTHERS

An American Express company

Shearson Lehman Brothers Inc. an associate member of the London Gold Market, has established a branch in London responsible for bullion trading. With effect from 1st July the London

Branch will offer a full bullion dealing service and this will complete the company's global bullion trading network. Shearson Lehman Brothers Inc will then have three primary bullion dealing centres,

New York, London and Hoog Kong and three secondary dealing centres, Singapore. Geneva and Hamburg. The company has been offering a full dealing service from New York and Hong Kong for the last 18 months and the establishment of the new London Branch will complete the

Shearson Lehman Brothers Inc., Peninsular House, 36 Monument Street, London EC3R 8LJ. Telephone: 01-283 8711. 01-623 2473 (for dealing). Telex: 888881. 8950811 (for dealing).

Group's 24 hour a day, worldwide dealing



Scandinavian Finance B.V.

£20,000,000

Sterling Floating Rate Notes 990

Guaranteed on a subordinated basis by Scandinavian Bank Limited (Incorporated in Great Britain with limited liability)

For the three months 27th June, 1985 to 27th September, 1985

In accordance with the provisions of Notes, notice is hereby given that the rate of interest has been fixed at 1213/s per cent and that the interest payable on the relevant interest payment date, 27th September, 1985 against Coupon No. 21 will be £32-29.

Agent Bank: Morgan Guaranty Trust Company London



Copenhagen Handelsbank A/S (Incorporated in the Kingdom of Denmark with limited liability)

U.S. \$100,000,000

Subordinated Floating Rate Notes Due 2000 In accordance with the provisions of the Notes notice is

hereby given that for the six months interest period from

28th June, 1985 to 30th December, 1985 the Notes will carry

an Interest Rate of 8514% per annum. The interest payable on the relevant interest payment date, 30th December, 1985 will amount to U.S. \$427-17 per U.S. \$10,000 Note and U.S. \$10,679-25 per U.S. \$250,000 Note. Morgan Guaranty Trust Company of New York, London Agent Bank

PRIVREDNA BANKA ZAGREB

FLOATING RATE NOTES **DUE 1986**

In accordance with the conditions of the Notes, notice is hereby given that for the six-month period 28th June 1985 to 30th December 1985 (185 days) the Notes will carry an interest rate of 91% pa. Relevant interest payments will be as follows:

Notes of US\$1,000 US\$47.21 per coupon

CREDIT LYONNAIS (London Branch) Agent Bank

Fast food

Big Mac triumphs over culture gaps

Carla Rapoport compares the U.S. chain's UK and Japanese operations

bamburger giant, opened its Fujita's diplomatic abilities first British outlet io 1974 with remain untested, his manage-

Three years earlier, McDonald's opened its first

one of Britain's fastest grow-ing compaines in the UK fastfood industry. But aside from selling the same all-American menu, the paths to success for the two McDonald's outlets bave been about as different as a bamhurger is from a French

fry.
At first glance, one could be forgiven for missing the con-trast. In Tokyo or London, McDonald's restaurants are un-mistakably decorsted in reds and yellows while inside details how much ketchup is squirted on each cheesehurger it comes to management, there appears to be no identikit for McDonald's people, The American staff in Britaio is skeletal; every store manager in the country is British. And in Japan, the local entrepreneur who runs McDonald's insists his company is as Japanese as Sony

Take Tokyo first, McDonald's Japan has its headquarters on the 54th floor of the ultra-modern Sumitomo Shinjuku building, where the president has an office which could accommodate accommodate the average Japanese home For three years now, McDoneld's Japan has ruled as Japan's largest restaurant company, in terms of theo mounted a heavy advertis-sales. Deo Fujita, president ing campaign and opened the and 50 per cent shareholder of store on the first day of Japao's McDooald's Jepan, exudes that would make even the brashest

the trede friction problems solved in a week. If I were head

the offer of a free meal for ment capabilities in Japan, a any family, shosolutely no ona notorlously difficult market to enetrate, cannot be denied. In the last 15 years, McDonald's sales in Japan bave climbed restaurant in Japan, in the beart of Tokyo's fashionable Ginza district. The store was mohbed.

Today, McDonald's is a high blt in both countries—Japan McDonald's plans to go public in Tokyo next wear with fore-

Today, McDonald's is a hig hearly Y11bn (£34.5m). blt in both countries—Japan McDonald's plans to go public rivals Cansda as McDonald's in Tokyo next year with foremost prosperous overseas operation, while McDonald's UK is So how dld Fujita change a nation of rice and fish eaters into hamburger fans? First, he gives a nod to the American parent company for providing a good product and a well-tested formula for making it. Second, and just as important, be credits his own understanding of the Japanese psyche for McDonald'a success in Japan.

Foreigners

The Japanese, be says, love foreign goods, but don't particularly like foreigners. "Frankly speaking, we don't like any foreign people, Chinese, Korean, anyone," he says with a broad smile. As a result, he pushed McDonald's Japan down a neutral path. The new restaurants made no direct meotion of the U.S. For example, they used no stars and stripes decorations, or American advertisements.

Further, be knew that fashions in Japan caught fire in city centres and moved outwards. So be threw out the U.S. cencept of suhurhan McDonald's and spent nearly a year nego-tiating with Mitsukoshi, one of Japan's oldest department store chains for the right to open the first McDonald's on the ground floor of its Tokyo flagship store. Once he had his location, he theo mounted a heavy advertisstore on the first day of Japao's summer holidaya. Children and teenagers have been flocking to

McDonald's ever since.

Japanese childreo today, he "If I were Japan's ambas- claims, believe McDonald's is a sador to the U.S., I would have Jepanese company, with conveniently located hranches in part-time, with 75 per ceot of the total under 2I years. Mininferiority and superiority that you have to stimulate," he says.

this office. I refuse to have any." His flair has attracted likeminded Japanese, some of whom have come from establishment firms like Exxon to join McDonald's.

In the UK, McDonald's was slower to take off for two major reasons. First, the American company had a devilishly difficult time getting the UK food industry to meet its requiremeots and second, it had to overcome the basic scepticism of the English customer.

"People hadn't had a satisfactory eating experience from hamhurgers," when McDonald's arrived in England, according to Bob Rhea, the founding injustmenture.

As a result, be says, finding dependable suppliers became crucial to the company's success. And in this regard, the U.S. groop ran into the bedrock of conservation which runs through the UK food manufac-turing industry. "We had to achieve McDonald'a quality, consistently. So, in the beginning, we imported like mad. We really found that a great part of the British food industry hed no confidence in McDonald's. They thought that customers of fast-food outlets had no loyalty,"

The national butcher shop chain which refused to answer Rhea's calls 10 years ago must be kicking itself today. McDonald's UK is now one of England's largest beef pur-chasers. For its hamburger rolls, McDonald's set up a joiot-venture bakery in the UK which is now the country's largest pro-ducer of these rolls, making nearly 2m a week. This year McDonald's UK will

have sales of well over £100m and more than 12,000 people working for it, making it a larger employer than Habitat-Mothercare. Some 85 per cent of its employees, however, are



75 per cent of the total under 21 years"

Unlike Japan McDonald's JK bas been unashamedly UK bas been unashamed American in its prometions touting the American breakfast and happily admitting to its American parentage. It has also focused on suburban locations, to Bob Rhea, the founding joiot-venture partner in McDonald's UK. "In England, peopla vote with their feet. They won't complain about something; they just won't come back," ba says.

As a result, be says, finding the only barrier to its finding the only a year if these laws were relaxed.

Similarities

For all their differences in management style, there are some unexpected similarities between Japan and the UK McDonald's, McDonald's basic business formula in both countries is to build sales, not cut costs. Thus, in Japan as well as England, the people pushing McDonald's hamburgers are almost as important as the products they are selling. Con-sidering that most of these employees are previously un-employed teenagers, this concept bears some exploring.
McDonald's Jspan not surprisingly has attracted a host of hy Morinaga, the confectionery group, and Mos Burgers, an independent company. Mos for example, includes Japanese fastfood items on its menus, while Love offers an even wider range of American goodies, such as tuna and melted cheese on an English muffin. Neither chain is

anywhere near as successful McDonald's Japan, as a result, has no problems with life-time continued success despite this competitioo, according to 2,000 are full-time.

industry executives, is the con-sistency of its products and the high level of training it gives its people. "Where else in Japan can you find a Hamburger University," comments an executive at one of Japan's leading food suppliers. "It isn't really a university, but kids love the idea." All trainees undergo a short course at the "university."

McDonald's UK also has its
"university," located at its
Marble Arch offices. Paul

Preston, the company president, bas a degree in hamburgerology framed on his wall. "It is a way of getting involved in the whole concept. Sometimes I think if you cut a McDonald's employee, he would hleed ketchup."

In both countries, employees who serve customers wear plas-tic name badges with five boles for stars. These stars are bestowed wheo the employee masters a major area of re-sponsibility, such as buns and dressings or fillets and pies. Thirty-five per cent of Thirty-five per cent of McDonald's UK store managers work their way up from buns and dressings into white shirts and ties. Even the finance local competitors, such as the director speot a few days grill-Love hamburger chain operated ing Big Macs to get a feel for In talking to McDonald's

employees, one often sees a kind of starry-eyed look of satisfaction on their faces. But then, with a vast majority of employees working part-time, those who don't do well are gently guided into leaving. Power of directors

'A better balance on boards is desirable'

Jonathan Charkham examines the delicate issue of accountability

THE SUCCESS of an individual ordinates. Does this lack of the authors the scope and company depends upon the accountability matter? The tent of the eucht. company depends upon the quality of its board; the success of an industry upon the companies that comprise it; the success of the UK economy it makes it hard to check it upon its industries. It is right, therefore, that the quality of boards should be a focus of attention. This explains wby tha Bauk of England, with the evidence before it of many indequate boards among the adequate boards among the cases it has handled, led the cases it has handled, led toe City institutions, the Confederation of British Industry and tha British Institute of Management into setting up PRO NED three

years ago. PRO NED's task was to persuade companies to improve the quality of their boards by ap-pointing a sufficient number of able, independent, directors. It a standing start it has found its place in the market, judging by the demands for its services. Progress is being made. Never-theless, the Bank of England's latest study* of boards raises the question of whether the rate of progress is fast enough.
What the study of 344 companies revaals is that the proportion of non-executiva directors on major company boards ia rising, though the total number is not—because boards are getting smaller. The study,

bowever, brings out sharply for the first time the distinction between a "non-executive" and an "independent" director. an "independent" director. Nearly one-third of tha "non-executives" studied either bave or bad a professional relation-ship with the company or had been executives.
It is well known that the degrea to which boards are accountable is extremely limited. What the Bank'a study suggests is that, although there are many admirable exceptions, most UK boards are still dom-

executive. No one doubts that the single stroy this unity whether the most important ingredient of board had one tier or two. Persuccess is the quality of top haps it would be enough if the executive management. The study figures suggest that the

A CLUB of some of the higgest

U.S. electronics companies

expects next year to see the first commercial results from

an unusual experiment in collaborative research.

The research at the Micro-electronics and Computer Technology Corporation (MCC) is likely to be used in areas

such as semiconductor produc-tion software, engineering and

computers, with artificial intelli-gence that can operate with

reasoning powers approaching those of humans.

The corporation, which is hased in Austin, Texas, and employs 330 people, is a joint venture between 21 U.S. com-

panies. Each pays a share of the \$50m-to-\$60m-a year costs. In return, the participating

companies will bave the right to use expertise developed at

the corporation.
The founding members of

accountability does not neces-sarily produce inefficiency hat it makes it hard to check it when things start going worngwhen things start going worng. That is why so many executive-dominated companies shina for a time, often quite brilliantly, and then falter so badly. A better balance on boards is clearly desirable—but can it be achieved by leaving it to them to put their own houses in order? These issues touch on power and patronage and on power and patronage and few things are more sensitive. What changes, in broad out-line, seem desirable?

Need to have a real role

The first and least controver-sial would be to give share-bolders more timely and better information about the directors they are called upon to elect or re-elect. It is plainly wrong to bounce names upon them at short notice without adequate information. It would be better if names of those to he elected or re-elected were circulated to shareholders with full information at a decent interval—say two months—before the annual general meeting. The annual report itself should summarise this information about those already on the board—as indeed some companies already do.
Secondly, all PLCs (not just
the big ones: some of the worst
practices are in the small ooes) should have a minimum proportion of truly independent directors on the board, even per-haps a bare majority.

Thirdly, the independent directors need to have e real role, but without destroying the essenital unity of the board and the valuabla constructive role they play on tha UK unitary board. The EEC's proposals in the Fifth Directive would deinated by executives. In prac-tice this usually but not always, means domination by the chief haps it would be enough if the independent directors were given particular responsibility top executive in many companies is not really accountable dent, but not executive, director to the board since, if they are tors; fix the executive directors executives, they are his sub-

piece of software, belong to the

At any time during the life of an individual project (which can be up to 10 years), the companies can decide that a

specific technology could be

used in a commercial activity and take out a licence for its

exploitation from the corpora-

to three years after it has been developed. After this point, any of the MCC's other members are also free to exploit the innova-

Outsiders which beve nothing to do with MCC can also take out licences—but only if the companies in the corporation

Through these mechanisms,

the companies in the group bope they will share the costs of doing basic research yet be free to tackle individually commer-cial exploitation of technical

The idea of pooling ideas in

pre-competitive research is at the heart of the British Govern-ment's Alvey programme in advanced computing. In pro-lects funded by this scheme, the

cent of the cash. Rights to tech-

nical ideas, rather than passing into the ownership of a single body, are beld by the individual

companies participating in the programmes.

government provides 50

agree.

breakthroughs.

Under MCC's rules, any member that bas belped to fund a particular programme can license a specific technology arising from the programme up

First benefits of

clubbing together

Such a role would ensure they were abia to participate fully in the affairs of the company and give them the status NED's experience is that there is no shortage of talent. Such reforms are hardly re-volutionary and are more or less standard practice in the U.S. In quieter times the UK might have gone down the American road where the New York Stock Exchange some years ago made it a precondi-tion of quotation that the company should have an audit cimmittee composed of independent directors, but this is hardly e propertious time to expect our own Stock Exchange to take a major initiative in this area when it bas so many other immediate pressure to contend with Besides, the UK does not heve e Securities and Exchange Commission to "motivate" companies by requiring them to show certain information about company boards.

Legislation rightly has few friends, for imposition is e policy of last resort. So tha only course that seems open is to continue on the present path with greater encouragement or pressure from shareholders, which effectively means insti-tutional shareholders and, where eppropriate, bankers. On present form this will produce results, but slowly and patchily. From everything I have seen at PRO NED in three bectic years, studded with many hundreds of interviews, there is a great gulf between our best companies (not all big by any means) which such changes rightly would leave almost un-touched, and the rest. It is not easy to see precisely what tha right prescription should be what changes are desirable and how they can best be echieved on a reasonable time scala.

*Published in the latest Quan terly Bulletin, ovailable form Bulletin Group, Bonk of England, Threadneedle Street, London EC2R 8AH. Price £7.50. Jonathan Charkham is director of PRO NED (Promotion of non- executive directors).

TECHNOLOGY

Collaboration: the name of the game in U.S. research

The cost of staying ahead is leading more companies into sharing research. Peter Marsh reports (below) on links with universities and (right) on a research club

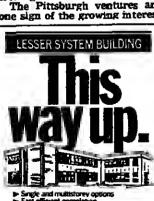
University in Pittsburgh funded by some of the giants of American industry. The centre, with an annual hudget of \$7m, is one of a series of collaborative ventures with industry at the university. Other centres started in recent years at Carnegie-Mellon to ar areas such as magnetic techab-logy, semiconductor research and biochemistry.

and biochemistry.

Among the companies footing the lion's share of the bill for these establishments are Westinghouse, DEC, Rockwell, Allegheny International, the Nort bAmerican subsidiary of Philips, 3M Control Data, IBM and Hewlett-Packard.

These companies fund roughly a quarter of Carnegie-

roughly a quarter of Carnegle-Mellon's \$65-4-year research budget, with the rest coming The Pittsburgh ventures are



More ideas for more applications
 30 years' unique continuous expe

— Building for today. — Planning for tomorrow.

BUILDING SYSTEMS

ROBOTS THAT can walk, clean houses end sniff the air for traces of dangerous chemicals are under development at a robotics centre at Carnegie- Universities are keen to foster Universities are keen to foster such connections because it brings them extra cash to fund

increasingly expensive research. For their part, companies are becoming more aware that academic research can help in developing new products and According to a report on in-formation technology research in the U.S. from the Office of

Technology Assessment, an agency of Congress, university research is on the threshold of significant change.
It says universities may be seen as critical to U.S. competitiveness in domestic and world markets, to its ability to maintain technical prominence, and to remaining self-sufficient in

critical areas for national security purposes. The report shows companies are stepping up efforts to fund are stepping up enorts to fund naiversities, not only for speci-fic research projects but through donations of equip-ment. Among the major con-tributions of casb and equip-ment are IBM, DEC, Apple Com-puter, Hewlett-Packard, Wang Laboratories, NCR and Honey-

As one example, Brown University in Provideoce, Rhode Island, built a \$1.5m computer-science laboratory based on contributions from companies such

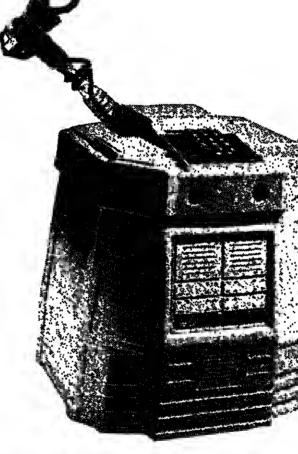
The University of California et Berkeley bas promises of \$18m in money and hardware from leading electronics companies including Fairchild, Advanced Micro Devices, DEC, General Electric, Hughes Air-craft, Intel, Tektronix, Texas Instruments and Xerox.
What motivates these com-

panies to increase their ties with academia? The answer, says the report, is the need to share the increasing cost of research and development. Universities, meanwhile, lack resources from state-administered research budgets and are eager to take np offers

of extra money.
Says the report: "The rapid obsolecence of laboratory and research tools, coupled with the highly complex and sophisti-cated nature of the equipment now needed for advanced in-formation technology research, results in capital costs beyond the reach of most academic institutions . . . Not unex-pectedly, universities have had to seek new ways to operate educational and research pro-

keen to attract investment in university facilities from bightechnology companies in order to boost the local economy bave also belped fund academic

But the report identifies dis-advantages with the new arrangements. It says univer-sities can be drewn away from



Shared research is helping to develop robots that can do housework. The Heath robot, used for training, has so far mastered singing and telling the time.

concentrate resources on prob-lems that affect short term business interests.

Industry could also insist that as teaching and recruiting research is done in secret to protect commercial rights. This Information Technology R

Local government agencies areas of fundamental study and new, exciting and highly visible ventures hetween academia and industry will divert faculty staff

would interefere with academic and D—Critical Trends and traditions over publishing Issues; Office of Technology scientific results.

Another danger is that the Printing Office, Washington, DC.

the organisation, which started in January 1984, were Advanced Micro Devices, Control Data, DEC. Harris, Honeywell, Motorola, National Semi-cooductor, NCR, Sperry and RCA.
These companies were later

joiced by Allled Corporation, Bell Communications Research. BMC Industries, Boeing, Kodak, Gould, Lockhaed, Martin Marietta, 3M, Mostek and The corporation has now

decided upon seven projects of basic research, each of which is funded by several club members. The projects encompass semicon-ductor design, software tech-nology, chip packaging, parallel processing (new compoters which process parallel trains of data rather than one instruction at a time), artificial intelligence, the design of new data bases and ways to make it easier to communicate with computers, for instance by speech.

Mr Bill Strotesbery, director f public affairs at MCC, says the corporation aims to hand out its first technology licence next year. Whether companies pursue collaborative arrangements in taking technical ideas from tha MCC research to the commercial stage will be left to them. The U.S. anti-trust laws may, bowever, preclude the corpors-tion's members from extending

their co-operation into joint product design or marketing. The MCC next year is due to move into a new building rented from the University of Texas. Part of the corpora-tion's strategy is to formulate close links with people in the university's engineering de-partments, some of whom work part-time for the research club.

EDITED BY ALAN CANE White Horse calm Cover - THE BEST WAY Commercial rights over tech nologies developed during the 27 0845 24040 27 programmes, for instance a new method to package semiconduc-tors in plastic arrays or a novel

Automated labelling made easy

AN EASY and versatile method of labelling plastic containers on an assembly line has been tutrodneed in the UK hy Automated Packaging Systems of Ledbury.

A tube-like roll of perforated polyethylene sleeves is slightly stretched and slid on to each plastic bottle. The sleeve is then mechanically sleeve is then mechanically separated from the roll, and contracts, gripping the

bottle.

This method bas several advantages over conventional paper-labelling and plastic shrink-wrapping. No adhesive or heat is required ta attach the label to the container, and the polyethylene is resistant to moletary and the polyethylene is resistant. the polyethylene is resistant to moisture and chemicals. And as this method is simpler, the labelling stations can accommodate several container sizes and frequent label changes.

Graphics on the labels can be produced using high-quality offset gravure printing or economical flexographic printing.

This type of labelling has already been used in the U.S., where Automated Packaging Systems of Twinsburg, Ohio, introduced it.

Remote control mining valve

MINING engineers who need remote controls for gas extraction or water operations can use a new device from Rotork Controls of Bath.
The company has introduced an electric valve actuaior that has been accepted by the National Coal Board for underground use with remote control options. It is also computer compatible.

The actuator can be used to control directly gas or

water valves, or work in con-junction with gearboxes. It is housed in a doubly-sealed, zine-based enclosure, making it reliable under wet, dosty ar other harmful working

Who's partnering whom in the R and D stakes

THESB ARE some of the U.S. companies collaborating research with institutes. •Rensselaer Polytechnic in New York gained a \$30m in-terest-free loan from the state of New York to set np a Centre for Industrial Liaison which has more than 100 contracts with companies in areas such as manufacturing automation and computeraided graphics.

Massachusetts Instituto of Technology has set np a Microsystems Industrial Group to work on new techniques in the design and production of semiconductors.

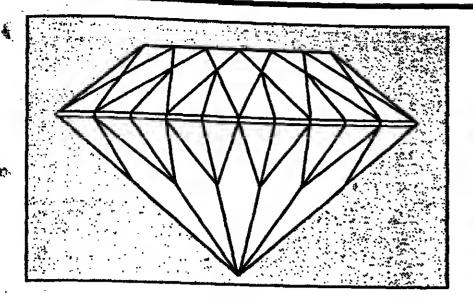
Companies with a share in the projects include DEC,
General Motors, United Technologies nologies, GTE, Harris, Raytheon and IBM. Companies contribute up \$250,000 s year.

A group of Minnesota-based industries, including Control Data, 3M, Honeywell and Sperry, committed \$6m to launch the Micro-electronics and Information Sciences Centre at the University of Minnesota. The state of Minnesota put up a further \$1.2m. The projects inclode artificial intelligence, electronie research and puter-aided design.

Micra-electronic Centre of North Carolina was set up with \$43m from the state of North Carolina and is inteoded to act as a bridge beween academic researchers and electronics companies. Institutes collaborating in Institutes collaborating in the venture include Duke University, North Carolina State University, and North Carolina A and T State Uni-

The state of Pennsylvania set up feur advanced tech-nology centres at Pennsyl-vania State University, Lehigh University in Bethlehem, at Pittsburgh (run jointly by Pittsburgh University and Carnegie-Melion University) and Philadelphia (operated by Drexel University and the University of Pennsylvania). Each centre has a budget of about 9m n year.

FORMUR LONG



This prospectus includes perticulars given in compliance with the Regulations of the Council of The Stock Exchange for the purpose of giving information with regard to Sapphire Petroleum P.L.C. I"the Company". The Directors of the Company have taken all reasonable care to ensure that the facts stated hersin are true and accurate in ell meterial respects and that there are no other material facts the omission of which would make misleading any statement herein whether of fact or of opinion. All the Directors accept responsibility accordingly. Application will be made to the Council of The Stock Exchange for the grent of permission to deal in the Ordinary Shere capital of the Company in the Unlisted Securities Market. It is emphasised that no epplication has been made for these securities to be admitted to listing. It is expected that dealings will commence on 9th July, 1985.

Sapphire Petroleum P.L.C. Offer for Sale

Williams de Broe Hill Chaplin & Company Limited of 6,000,000 Ordinary Shares of 50p each at 150p per share, payable in full on application

The application lists will open at 10.00 a.m. on 2nd July, 1985 and may be closed at any time thereafter. The procedure for application and an application form is set out at the end of this prospectus.

Directors, Secretary and Professional Advisers John Dudley Webster, (Chairman) 10, Merrydown Way, Chislehurst, Kent, BR7 5RS. Alfred William Fraser Wright, (Meneging Director), 13, Cheyne Gardens, London, SW3 5QT. Peter Pollard, (Technical Director), Becket House, 4, Pilgrims Way, Guildford, Surrey, GU4 8AB. John Lee Taylor Jnr., (US), 1725 One Dallas Centre LB-10, Dalles, Texee 75201, USA. Mark Ian Henderson, (non-executive), 39, Winsham Grove, London, SW11 6NB. William E. Johnson III, (US), (non-executive), 1725 One Dallas Centre LB-10, Dallas, Texas 75201, USA Richard Henry Ringrose Latham, (non-executive), Stowting Hill House, Ashford, Kent, TN25 6BE. Sam Stevenson Jnr., (non-executive), 149, Pavilion Road, London, SW1X 0BJ. Secretary end Registered Office David John Heigham, C.A. Pinners Hall, Austin Friars, London, EC2P 2HS. Office of US Subsidieries 1725 One Dallas Centre LB-10, Dallas, Texas 75201, USA. Stockbrokers Williams de Broe Hill Chaplin & Compeny Limited, P.O. Box 515, Pinners Hall, Austin Friars, London, EC2P 2HS. Reporting Petroleum Consultants H. J. Gruy and Associates, Inc., 1 150 West John W. Carpenter Freeway, Irving, Texas 75062, USA. Jerry R. Bergeson & Associetes, inc., 4891 Independence Street, Suite 270, Wheat Ridge, Colorado 80033, USA. McKenna & Co. Inveresk House, 1, Aldwych, London, WC2R 0HF. **Auditors end Reporting Accountants** Arthur Andersen & Co., Chartered Accountants, 1, Surrey Street, London, WC2R 2PS. Bankars Benk of Scotland, P.O. Box 10, 38, St. Andrew Square, Edinburgh, EH2 2YR, RepublicBank, Dallas, N.A., P O. Box 75450. Dollas, Texas 75285, USA. US Legal Advisers

2300 LTV Centre, 2001 Ross Avenue, P.O. Box 660623, Dallas, Texae 75266, USA.

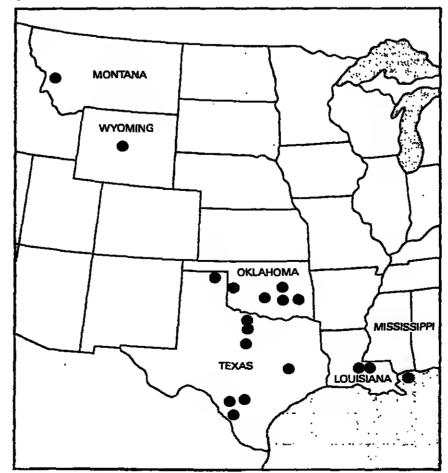
Definitions

NH.	ŀ
itions	l
Sapphire Petroleum P.L.C. or, where the context edmits, the Sapphire Group	١
Sapphire Petroleum Investments Limited	I
Sapphire Petroleum Holdings, Inc.	ļ
Sapphire Patroleum Venturee, Inc.	l
Sapphire Exploretion & Production, Inc.	ŀ
JMGL, Inc.	l
All of the above companies, apert from Sapphire	l
SPH, SPV, SEP end JMG	l
Johnson Oil Compeny	V
Sapphire, the Subsidiaries end JOC	Ĭ
The Directors of Sapphire	ł
Dyne Exploration Compeny	ł
Whitmar Exploration Company	I
Murexco Petroleum, Inc.	ŀ
Chaparrel Resources, Inc.	l
Jerry R. Bergeson & Associetes, inc.	١
H. J. Gruy & Associates, Inc.	l
Bergeson and Gruy	l
Willbro Oil Limited	l
Williams de Broe Hill Cheplin & Company Limited	١
Dollars of the United States of America	<u>. </u>

Share Capital issued and now being offered for sale, Authorised fully peid or credited as fully paid in Ordinary Shares of 50p each £10,630,563 £15,000,000 The Ordinary Shares now being offered for sale will rank in full for all dividends hereefter declered or peid on the Ordinary Share cepital of the Compeny. Indebtedness At 12th June, 1985 the Company and its subsidieries hed a secured medium term loan facility of \$3,550,000 (£2,800,789), of which \$2,964,647 (£2,338,972) had been utilised by that date. Save es aforesaid, end apert from intre-group Indabtedness, on 12th June, 1985 neither the Company nor eny of its subsidieries hed any loen capital (including term loans) outstanding or creeted but unissued or other borrowings or indebtedness in the nature of borrowings, including benk overdrafts, liebilities under acceptances (other then normal trade bills), acceptance credits, hire purchase commitments, guarentees or other materiel contingent lieblities (other than in the ordinary course of business), nor et thet dete did eny such compeny have outstanding eny mortgages or cherges. For the purposes of these paragraphs doller emounts have been translated to Sterling at the rete of \$1.2675 to £1 being the rete prevailing as et the close of Summary of Information and Offer for Sale Statistics The following information should be read in conjunction with the full text of the prospectus from which it has been extracted. The Petroleum Consultants' Reports show estimated future net revenues and present lease values attributeble to Sapphire as follows: (All properties except South Madden) Future Net Revenues Not Discounted (Barrels '000) (\$'000) (\$'000) 4,042 15,940 11,092 Proved 1,666 3,631 5,222 11,116 2,503 6,158 Probeble 223 Possible 176 863 9,339 19,753 Value \$3,582,000 113,605 net acres. Leeses (exploretory) Future Net Revenues Discounted Not Discounted (MMCF) (Barrels '000) (5000) (\$'000) 14,856 Case At

Case Bt †See Section 6 828 20,692 23,017 Net Assets Per Share* *This range is based on the valuations contained in the reports prepared by the Petroleum Consultants the letters from whom ere set out in Sections 5 and 6, and takes no account of the shares now being offered for sale or of the proceeds of the Offer for Sale. Offer for Sale Statistics Offer for Sale price £31.9m. Merket Capitalisetion et the Offer for Sale price Estimated Net Proceeds of the Offer for Sale £8m. Percantage of the shere capital, following the Offer for Sale, 28.2 per cant. now being offered for sale. Application of Net Proceeds The net proceeds of the Offer for Sale, together with Sepphire's income, will be epplied principally as follows in the period to 31st December, 1986: (\$*000) South Madden field - balance of acquisition, eppraisal end development Development of existing properties 6,013 2,734 13,197





Section 1 Introduction

Sapphire was incorporeted in April, 1981 to provide investors with access to a broad sapphire was incorporated in April, 1961 to provide investors with access to a broad spread of US oil and ges exploration end production opportunities on terms as close as possible to those eveilable to operating oil companies. Sepphire has properties in Coloredo, Louisiane, Mississippi, Montene, Dklehoma, Texas end Wyomling. As a result of a period of successful exploration. Sepphire has begun the appraisal end development of 16 fields or field extensions which have been discovered since June 1983. In addition, Sepphire will continue to pursue en ective programme of exploration, whilst continuing its policy of meintaining a balenced renge of prospects.

Sepphire has shown that it is capable of selecting prospects which lead to the discovery and development of significant reserves of oil end gas, and the Directors believe that the following factors place Sapphire in a strong position:

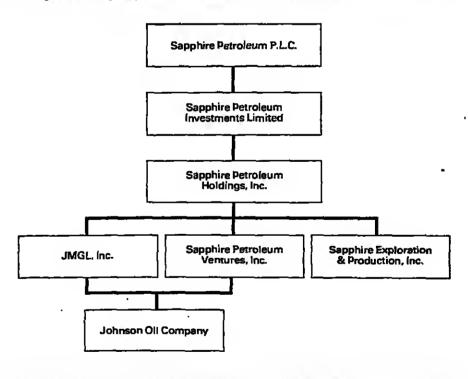
- It has interests in 113 producing wells as a result of activities to date.
- It has epproximetely 114,000 net acres of exploratory leeses.
- It has been involved in the discovery of eixteen fields or field extensions which are now entering their development stage.
- it is e geogrephically end risk belanced company.
- It will have a significant cash flow from reserves which it is advised have a long life.
- It intends to invest approximetely \$9m by the end of 1986 on appraisal and
- It intands to continue to explore with a limited number of successful operators as an
- It will continue its policy of investing epproximately 10% of cashflow in low cost,

History and Group Structure

Following Sapphire's formation in April, 1981 approximately £10.01m was raised in June, 1981 by an issue of sheres to certain UK institutions and e smell number of private individuals. Following a rights issue in June, 1983, a further sum of approximately £3 million was reised. These sums, net of expenses, were invested by SPH on then normal industry terms. The greeter part of SPH's investments to date hes been made through JOC, a Texas general partnership now wholly owned by the Group.

In addition to those projects in which Sapphire Invests through JOC, which primarily comprise low and medium risk ventures, Sapphire has made a number of investments through SEP, which will continue to be used for specialised or high risk/reward investments such as those described below.

A diagram showing the present structure of the Group is shown below.



Since its inception, Sepphira has perticipated with 21 different operators, in the drilling of 274 wells, 132 of which were completed as producers. In the lest two years, Sapphira has chosen to concentrate on the operatore with whom it has been most succe intends principally to invest with only four of the twelve operators with whom it presently

In 1984, Sepphire expanded \$12m end participeted in the drilling of 67 wells, 46 of which were completed as producers. The Directors believe that there will be a considerable increase in reserves when development of the fields improves the data presently available. to the Petroleum Consultants.

Company Policy and Business

Sepphire's initiel investment philosophy wes to perticipate with a number of oil and gas companies, in suitable programmes devised by those compenies in order to secure a prudent spread of rick end geographical location.

In view of merket conditions which have changed to the benefit of investors and of Sapphire's development since its formation, Sapphire is now able to select for investment those particular projects which it regerds as the most euitable, having applied its own expart risk evaluation techniques. Active participation in ensuing development enables Sapphire to control its capital expenditure in such a wey as to meximise revenue end optimise existing reserves.

In eddition to identifying and investing in oil and gas prospects, Sapphire proposes to spend approximately \$6.0m in the period from the date of this prospectus to the end of 1996 the development of discoveries already made on its properties following successful exploration. Sapphire will also commence development on the South Madden Field in Wyoming jointly with Chaparrel in July 1985, as described below.

At the same time as pursuing a long term development progremme, Sapphire will continue low and medium risk exploration ectivity and will continue to respond to new approaches it receives from operators. Furthermora, epproximetely 10% of Sapphire's cesh flow will be committed to wildcat drilling of e low cost, high risk/reward nature on new properties (see below).



Jones, Day, Reavis and Pogue,

Netional Westminster Bank PLC.

National Westminster Bank PLC, Registrar & Department

P.O. Box 79, 2, Princes Street, London, EC2P 2BD.

P.O. Box 82, 37 Broad Street, Bristol, BS99 7NH.

New Issues Department.

Receiving Bankers

Registrars

Sapphile

SPIL

SPH

SPV

SE P

JMG

Subsidiances

Directors

Muresco

Charatta

Bergese

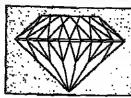
Williams or Prov

Dune

US Subsidianes

Sapphine Group in Group

The Papaleon Committees



Sapphire Petroleum P.L.C.

Directors

The Directors of Sapphire are eo follows:

Mr. Webstar is 45, and is a Fellow of the Institute of Actuaries. He has been employed by Sun Life Assurence Society PLC for 23 years of which he has been an executive director since 1978. Ho la also a director of two investment trust companies and recently was appointed a lay member of the Council of The Stock Exchange, Mr. Webster became s Director on 10th June, 1981.

A. W. F. Wright

Mr. Wright is 48, and is a Mamber of the Institute of Chartered Accountents of Scotlend. He ie a Mamber of The Stock Exchanga and a director of Williams de Broe Hill Chaplin & Company Limited, Stockbrokers, with whom he has been associated for 18 years. He has been responsible for co-ordinating and implomenting the policy of the Group since its inception and has recently been appointed Managing Director of Sapphire. Mr. Wright becama a Director on 11th May, 1981

P. Pollard

Mr. Pollard is 61, end is a graduate in ongineering. He worked for the Shell International Petrolaum Group for 33 years, meinly in Venezuele, where he became Head of Reservoir Engineering and Integrated Economics. In 1971, he returned to London where he was a Senior Plenning Analyst et the Shell Group Cantral Office and became Planning Menager for Sholl UK (Exploration and Production) Limited in 1975. Since leaving the Shell group in 1978, he has been activa in oil consulting work and is a director of an independent oil consulting company, Wetherall Edwarde & Compeny, Limited. He has been Sapphire'o Technical Director sinco its inception. Mr. Pollard becama a Director on 11th May, 1981.

J. L. Taylor Jnr.
Mr. Taylor is 30, end is a graduate of Texas Tech University. He qualified as a certified public accountant with Price Waterhouse and prior to becoming a Director of Sapphire was omployed as Treasurer and Controllor of the Johnson Energy Companies in Dallas, Texas. Mr. Taylor is President and Chief Executive Officer of the US Subaidlaries in Dallas, and is responsible for their day to day menagament. Mr. Taylor became a Director on 12th June,

Mr. Handerson ia 38, and is a graduste in business finance, Before joining Hill Samual Asset Manegement Limited, with whom ha has bean associated for 7 years end of which he is a director, ha was involved for four years in the chamical industry. Ha has been an Associate Member of the London Oil Anelysts Group since 1980. Mr. Handarson bacema a Director on 13th May, 1985.

Mr. Johnson ie 41, end is a graduate of Princeton University. He is a partnar in tha law firm of Johnson, Johnson & Johnson of Dallao, Taxas. He has considerable experianca in the US oil end gas industry, having founded severel oil and ges companies, for a number of which he has acted as Ganoral or Managing Partner. He has advised both US companies and foreign investors on the US taxation laws relating to oil and gas income. Mr. Johnson became a Director on 11th May, 1981.

R. H. R. Latham

Mr. Latham is 42, end holds an MBA degree. Ha is tha founder, Chairman, and Managing Director of Claremount Oil & Gas Limited, end is also a director of internetional Adentis Resources Limited end McKinley Square, Allsopp Securities Limited, in connection with which he has been concerned with the structure, finencing and management of severel joint ventures between UK Investors and North American oil companies. Mr. Latham became e Director on 2nd March, 1984.

S. Stevenson Jnr.

Mr. Stevenson is 52, and is a Member of the Institute of Chartered Accountants of Scotland. Ha is a director of C. S. Investments Limited, Investment Managers, a company which he helped to found in 1983, and before that was a Managing Director of Gertmore Investment Menegement Limited, with whom he was associated since its inception in 1969, Mr. Menegement Limited, with whom he was asso Stevenson became a Director on 11th May, 1981.

Management

SPH intends to appoint e petroleum engineer to ite staff in Dalles, Texas, to sssist Mr. P. Pollerd in monitoring and appraising the work of operators. It is not intended to amploy geological staff since this usually entails geographical and conceptual limitations inappropriata to a company with Sapphire's spread of Interests. Consultants in each area and with expertise of each separete prospect have been and will be used when required. The whole range of industry opportunities can thus continue to be considered and Sapphire's flexibility meintained. Whilst it is intended that Sapphire on occasion might become operator of record on certain leases to maximise financial control, the day to day lease operations will be contracted out with independent petroleum management

Sapphire maintains its ragistared office in London where Mr. A. W. F. Wright and Mr. P. Pollard are based. The US Subsidiaries have a small office in Dallas where day to day control is vosted in Mr. J. L. Taylor Jnr., Consequently overhoads are kept to a minimum.

Net Assets

In Section 4 thera is set out a pro-forma consolidated balance sheet showing tha net assets of Sapphira, on an historical cost basis, of £22,106,000, as edjusted for the astimated net proceeds of the Offer for Sale of £8m.

Dividends

No dividends have been paid to date as Sapphire has been devoloping its activities and consolidating its growth. Following the Offer for Sale, it is the intention of the Directors that the present policy of prudent reinvestment of cash flow be continued, but that a first dividend be recommended in 1987 in respect of the year ending 31st December, 1986.

Taxation

A summary of the principel taxetion considerations as they affect Sapphira and its shereholders is set out in Section 9. Any potential investor who is in doubt about his tax position should consult his own professional adviser.

Risk Factors

Oil and gea exploration and development is a speculative act, ity which involves a high degree of financial risk. The following are the principal risk factors which should be taken into account in assessing en investment in Sapphire:

(i) the reservoire from which Sepphire's oil and gea reserves are presently being or are expected to be produced may not conform to expectations, with the result that the volume of reservos recovered and the retes of production may be less than (iii) drilling for oil end ges involves substantial risk of investment loss. The investment risk

involves not only the possibility of drilling dry wells but also the possibility of drilling wells which result in the discovery of oil or gas but do not load to production in commercial quantities: (iii) movements in the market price or marketability of oil and gas or changes in taxation or

other governmental action may result in the incoma received by Sapphire being adversely affected; and (iv) the US Subsidieries may become subject to liabilities for hazardo which cannot be

insured against, or against which they may alect not to insure because of prohibitive premium costs or other reasons, and may have liabilities to third parties (in excess of any insurance cover) arising from pollution or other damage or injury.

Petroleum Consultants

In connection with the Offer for Sale, Sepphire has obtained independent appraisals of tha net reserves end net revanue ettributeble to Sapphire's producing properties and the locations in which Sapphira intends to carry out development and exploratory drilling. Gruy has reported on all Sepphire's intereste as at 1st April, 1985. Sopphire has also obtained e reported on all septimes interested as at 1st April, 1965. Sopphire has also obtained e report from Bergeson in connection with the South Maddan Field which is mentioned below and consequently has purchased an interest in that field.

The Directors have received letters, which are set out in Sections 5 and 6, from the Petroleum Consultants reporting on these Interests.

Proceeds of the Offer for Sale

The proceeds of the Offer for Sale nat of expenses are estimated to amount to £8m. Thase proceeds, together with Sapphire's incoma from its oil and gas interests, will be applied principally as follows in the period to 31st December, 1986:

(\$°000) 1,250

3,200

6,013

2,734 13,197

South Medden field - balance of acquisition payment Appreisal and Development — South Maddan field Development of existing properties Exploration

The Future

Sapphire has e balanced profile of production, e large number of fields with significant acreege awaiting development and prospects for new axploratory drilling. The successful development of these prospects is expacted to contribute aignificantly to Sapphire's futura profitability and to edd considerably to reserves.

Sapphire's agreement with Chaparral to appraise and develop thair large gas interests in the South Maddan field should also help to secure the long-tarm future of Sapphire. The report prepared by Borgeson envisages the drilling of 54 wells between 1985 and 1993. This report also shows that revenue, net of ell costs including capital, will use eteadily to a peek in 1993 and then decline slowly ovar a period exceading the next 20 years.

Sapphire's close association with three other exploration companies of proven record, with whom it invests on very competitive terms, lead the Directors to believe that the momentum built up over the last few years will continue.

The Directors also bolievo Sapphire will continue to be offered and to participate in high risk rewerd projects. This, combined with stability of production and long life reserves, should snable Sapphire to continue its growth. In addition, opportunities for further acquisitions axist and Sapphire's experience and reputation place it in an excellent

Section 2

Production

Sapphire has interests with twelve operatore in 113 wells from which it expects to derive an income of \$2.98m in 1985 end \$3.45m (out of the projected total of \$6.85m shown in Section 8) in 1986 before taking account of revenue resulting from the appraisal and development of the properties discussed below. These estimates are based on average prices of \$26.70 per barral of oil and \$2.46 per MCF of gas.

Appraisal and Development

Sapphire's appreisal and devalopment expenditure will be principally concentrated on the three operators with whom it has anjoyed the greatest success, and with Chaperral with whom it has recently antared into an agreement.

Sepphiro intends to spend approximately \$5.5m in participating in the drilling of up to 77 wells with Murexco, Whitmer and Dyna in the pariod from the date of this prospectua to the and of 1986 and a further \$0.5m with other operators. The Directors believe that this will prova up a significant proportion of the net probable and possible reserves currently

The development of the Wyoming properties with Chaperral at an initial cost of up to \$3,2m should start to prove up the potential reserves which are estimated by Bergeson to heve a nst present value of at least \$14,47m.

A brief description of each of these four operators and the principal properties in which Sapphire hao interests are given below.

Murexco Petroleum, Inc.

Murexco was formed in 1981 as e privetely owned independent exploration and production company whose principal ohereholders are management and institutions. The company explores mainly in Louisiana, Oklahoma and Texas. Sapphire commenced operations with Murexco in 1983 and to date 38 wells have been

drilled, of which 21 have been completed as producers. In 1984 eight fields were discovered which will now be developed. Potentially the largest, Bayou Tommy, was an extension of the 1983 Poydras discovery both of which are described below. In addition to these 2 fields, Sapphire intends to develop a further B properties. Sapphire

also intends to continuo drilling selected exploratory properties with this operator.

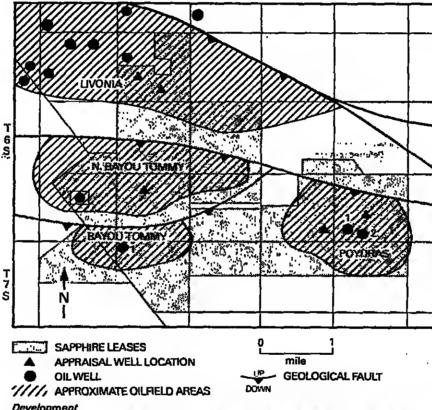
Poydras and Bayou Tommy

History, Size and Location
Poydras and Bayou Tommy comprise a block of leases totalling 2,116 and 4,713 acres respectively in West Baton Rouge and Pointe Coupée Perlahea, Louisiane. Poydres, tha aastern block, is operated by Reesa Oil & Gaa, Ltd. and in 1983 Sapphire, through Murexco, took a 10.9% working interest in the first well before payout, reducing thereafter to an 8.9% interest. Bayou Tommy, the western block, is operated by Murexco, and Sapphire took a 16.95% working interest in 1984 in the Laws No. 1 well. Sapphire is antitled to a similar interest in ell furthor wells on this lease. A major US oil company hee interests in leases immediatally east and south of this ecreage on which it is presently testing one well and

Geology and Exploratory Drilling

The Bayou Tommy and Poydres fields are on adjacent structures of one large geological feature approximately 5 miles long and 1½ miles wide. It lies about 4½ miles east of the Fordoche field, which is atructurally and stratigraphically similar and which has produced over 22 million barrels of oil and 50BCF of gas from multiplosands in the Wilcox formation

On Poydres, Sepphire participated In the Intracoastal No. 1 discovery well in 1983 and a first development well, the intrecoastal No. 2 in 1984. Both walls ancountered three Wilcox zones and a challower Frio sand at about 9,600°; all logged as productiva. The intrecoastal No. 1 wes complated in the lowermost Wilcox zone and after initial production of 285 barrels of oi) per day in May 1983, production stabilised at approximately 120 barrels per day. The Intracoastel No. 2 was completed in the middle Wilcox zona to provide wider reservoir appraisal data. This well tested 480 barrels of oil per day with 800 MCF of gas per day and is presently closed in and awaiting a geoline connection which is being expedited. On Bayou Tommy, Sapphira participated in the drilling of tho recent test well, the Laws No. 1, drilled to a depth of 13,525'. Tests are being carnad out to determina whether the well is capable of commercial production.



The Bayou Tommy block comprises three sub-structures separeted by major faults. These are Bayou Tommy, North Bayou Tommy and Livonia. The last named is an extension of the Livonia field to the northwest which produces from the Wilcox, Cockfield and Frio

The immediato programme in the Bayou Tommy/Poydraa area is aimed at developing reserves in Livonia, ostablishing production in Bayou Tommy and North Bayou Tommy, and developing Poydras in both the Wilcox and Fno formations. Successful appreisal of this erea could lead to 30 to 40 productive wells.

formations. Cumulative production from the Livenia field is over 6.7 million barrels of oil.

Due to the immaturity of the deta evailable, Gruy has indicated that the total reserves attributable to Sapphire in the Poydres end Bayou Tommy fields are 160,000 barrels of oil and 80 MMCF of gea. However, in view of the multiple pay sands presant, the extensive prospective area still to be appraised, the performance of similar fields in the region and the advent of new improved well complation techniques, the Directors consider the potential of these fields to be vary substantial.

Whitmar Exploration Company

Whitmar is a private oil and gas company based in Tulsa whose primary areas of interest are the Arkoma end Anederko basins of Oklahome. During the past six years, Whitmer has drilled over 300 wells, and achieved en averege 66% rate of success resulting in the discovery of reservee of 18.8 million barrels of oil and oil equivalent.

Since Dacember, 1982 5epphire has taken a working interest in 18 projects, generally of 12.5% of Whitmar's interests, which ere usually between 50% and 100% of the total interest. Of these, 8 proved productive, 9 dry and 1 rednil is pending. Two of the six fields which it is intended to develop ere described below. In view of the results obtained with thie operator, it is intended to continue the drilling of salected exploratory prospects.

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Whitmar has interests in about 5,719 gross ocres in the Bracken and West Bracken oreos of Roger Mills County, Oldahoma. Three exploration wells in the Bracken ores have been comploted in 3 different formationa; the Bartlesvillo, Skinnor and Red Fork. The average initial gross production rate was 134 berrela of oil per day and 1,100 MCF of gas per day per

The prospect consists of multi-zone strettgraphic traps in Pennsylvanian formations. The Red Fork and Oswego Lime are prolific producing formations in the erea, with Red Fork wells in the South West Leedy field, 9 miles to the south, having estimated ultimate recoveries as high as 24 BCF of gas and 300,000 barrels of condensate per wall. Oswego wells to the cast of the prospect area have averaged over 100,000 barrels of oil per well.

Preparationa are in hand to drill o Skinnar offset in Bracken which will also test the Red Fork formation, to be followed by 2 Rad Fork wello, and in West Bracken an Oswego well is being prepared, Additionally, at least 4 wells are foreseen in central Bracken and 5 more development wells in West Bracken.

Coalgate
Whitmar owns 1,319 net acres in the Coalgote prospect of Coal County, Oklahomo. The first
Whitmar owns 1,319 net acres in the Coalgote prospect of Coal County, Oklahomo. The first well has just been drillad to 11,762' end has logged gas bearing sands in 6 different formations. This well is now being prapared for testing. Strong ges shows were ancountered during drilling, particularly in the Viola formation from which an offset well produced 4 MMCF of gas per day on test.

The Viola reservoir has structurelly oriented frectures induced by the major regional Choktaw fault system, and the Atoka stratigraphic traps are lanticular marine bars which are excellent reservoirs when found.

Up to 8 devalopment wolla are foreseen on this acreage, the main reservoirs being the deep Viola with potential initial production of 4 MMCF of gea per day per well and the shallower Atoka with 0.5 MMCF of gas per day per well.

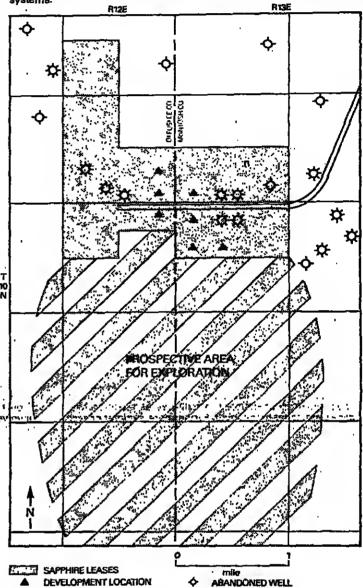
Dyne Exploration Company

Dyne is a small privately owned company operating exclusivaly in sestern Oklahome, with whom Sapphire has been associated since 1981.

Okfuskee and McIntosh Counties

Sapphire holds a 25% working interest in a 960 acre lease in Okfuskee County and a 20% working interest in a contiguous 640 acre block in McIntosh County. To dato, 7 productiva gas wells have been drilled on these leases; 2 In the Union Valley Lima at about 3,100°, 1 in the Lower Gilcrease send at 2,900° and 4 in the Shallow Calvin eand at 600°. Initial flow rates for the Union Valley and Gilcrease wells average approximately 850 MCF of gas par day and for the Shallow Calvin eand 150 MCF of sapproximately 850 MCF of gas par day and for the Shallow Calvin sand 150 MCF of gae per day.

Prior to August 1984, the Oklohoma Natural Gas (DNG) pipeline system, about 3 miles distant, would not purchase gas from Sapphire's acreaga because of ovarsupply. In October 1984, following changes in the interstata gas merket ONG began transporting gas to interstate markets opening up auch markets to producers proviously limited to intrastate



DEVELOPMENT LOCATION GAS WELL

4 PROPOSED GASLINE Sapphire intends to antor into a 50/50 joint vonture Agreement with Dyna to finance the construction and operation of a small pipeline gathering system to deliver gas to the ONG line. The pipeline will be owned and operated by a new joint vanture between Dyna and Sapphire, which will make gas purchase agreements with individual working interest owners, including Sapphire, at the wellhead, and execute a master gae sales contract with

the interstate pipeline gas buyer at the ONG tap. A survey of the availability of gas sales contracts with interstate pipelines which interconnect with ONG, has shown that several significant markets exist for gas delivered to ONG at approximately \$2.30 per MCF of gas.

The project will cost Sapphire approximately \$225,000 and it will enable the five wells which are currently shut in to be opened up to merket immediately on completion of the line. Sapphire intends to participate in the drilling of saven development walls (4 Calvin, 2 Lower Gilcrease and 1 Union Vallay), which would be expected to raise the avarage daily gross throughput of the pipeline to 3 MMCF of gae. On this basis, the line system would pay

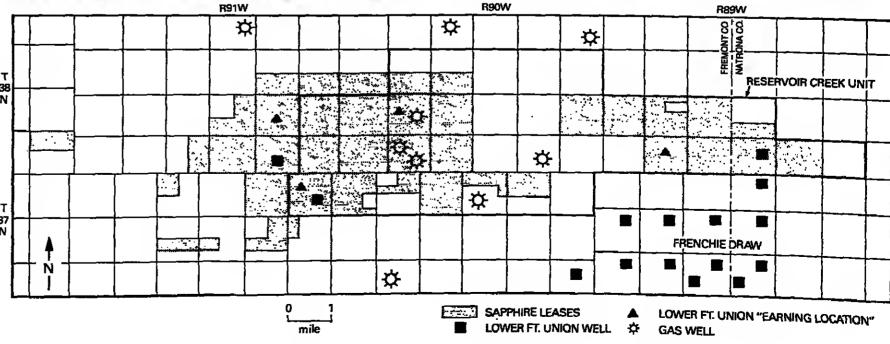
Sapphire and Dyne are pursuing the lassing of further acreage in the area as indicated on the map shown above. While expenditure of \$1.73m is included in the projected cash flow to 1986 to allow for the exploration and potential development of this acreage, no amount has been included in the reserves.

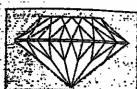
Chaparral Resources, Inc.

South Madden

SPV has entered into an agreement with Chaperral, a quoted US oil end gea exploration company, jointly to appraise and develop thair interests in the South Madden field, the terms and conditions of which are described in paragraph 7Ic) of Section 10. The total purchase price will only become payable after satisfactorily testing the performance of the first two wells to be drilled.

The ecreage in which Sepphire, subject to fulfilment of those conditions, will have an average working interest of 24% in 37 sections covering 19,070 acres, is loceted immediately south of the prolific Medden gas field and just north of the Frenchie Draw gas/condensate field in Fremont end Netrona Counties, Wyoming and Is mainly In 2 large blocks. The area between these blocks has been purchased recently by a major quoted US





Sapphire Petroleum P.L.C.

The leasee era ell Federal leases end ere principally within the Reservoir Creek Unit, e Federal onshore exploretory unit which Cheparrel formed with epproval from the US Sureeu of Lend Management in 1979. This ensures orderly development of the field as a

Geology and Exploration
The South Medden area lies in and along the synclinal structural axis of the Wind River
Basin. The dapth to the top of the Lower Fort Union formation is approximately 7,500' to
producing structures in the Rocky Mountain Region, in excess of 23 miles long and 10
miles wide and to the south by a moderately dipping monociline with structural nosing at
the top of the Lower Fort Union. The Frenchie Draw field, Immediately edjacent to the
Reservoir Creek area, produces from the Lower Fort Union.
The Lower Fort Union consists of a series of alternating sandstones, slitstones, shales and Geology and Exploration

The Lower Fort Union consists of e series of alterneting sandstones, slitstones, shales and coals deposited in broad river flood plains, swamps, chennels end deltas. The accumulation of hydrocerbons is controlled primarily by stratigraphic conditions. The average thickness of the Lower Fort Union in this aree is about 2,800' within which the average thickness of the potential paysand in the South Medden field is 340', in the Madden field 434' and in the Frenchle Drew field 335'.

In 1984, two wells were completed by Cheperral In the Lower Fort Union, one in the eastern part of the erea (Reservoir Creek Unit 1-34) and one in the western part (Pony Creek Unit 1-35). Each was completed in e single send leyer, elthough severel are present in the whola formation. The 1-34 well tested 657 MCF of ges per day and 30 barrels of condensate per day. A gas line is currently being connected to this well, From the 1-35 well, gas sales began includy 1984 and after 30 days the rate was 850 MCF of ges per day. in July 1984 and after 30 days the rate was 850 MCF of ges per day.

Reserves and Development Programme
Assuming that both Cheparrel and Sepph)ra perticipate equally in all future development as provided in the agreement, Bergeson estimates that the potential production attributable to Sapphire will be in the following range: EstimatedNet Present Value

-	Gas			
		O//	Undiscounted	Discounted at 10%
	(MMCF)	(Barrels '000s)		
Case A		(Daireis UUUS)	(\$°000s)	(\$'000s)
Case A	t4.856	594	45,090	
Case B	20,692			. 14,477
		82B	68.661	23,017
The renge of	actimates sales	a basement and the ot-		20,017
The range of	germigres guse	s because, while the	e volume of cas i	n nisce is generally
agreed, the pr	oductiva poten	tiel of eech well, dep	anding on it does	The property
acase of drain		de of eech well, dep	enuing as it coes	on permeability and
Grode Or Grown	oye, is at prese	nt more auticult to d	starmine Roth red	and upo the Econoble
Draw field for a	analogy and and	uma thad rilling of 54	Desiring. Don Car	es the rie Licitine
DIEG 1010	ation A attended	uma ma uniling of 54	walls between 198	5 and t993. Case A is
based on en a	VELAGE FECOVER	y of t.B BCF of gas pe	an	1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1
C D		y or the bur or gas pe	SL MRH MITH 13 HOL	Heamplewons, while
Case D essuill	as inai permee	DIIIIV ia not uniform	and that a hatter	to became beingloor
walks will proc		recovery of 2.1 BCF	and that a botter	Secucializar shiese or
Aneny Anti Di Co		recovery of 2.1 KmF/	Of FIRS PAR WALL WITH	E aga agamalations
The Directors	and all alouago			
	ara eware of say	eral opinions with el	picher renewed with	3 Huircompletions.

Total gas production from South Madden is sold to Columbia Gas Transmission at \$3.5t net of taxes per MCF of gas. However, with effect from 1st January, 1985, the price of gas produced in the US was daregulated. As yet, this has lad to no price adjustment in South

Exploration

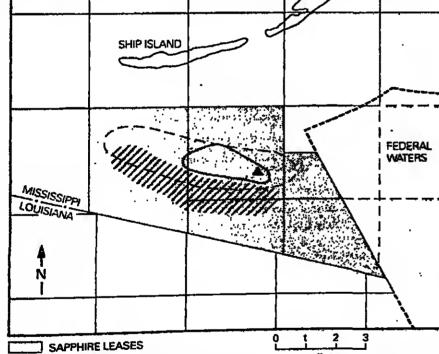
Sapphire will continue its policy of exploring with the above operators and will also consider other projects offered to it. No account of the results of such exploration is shown

High risk/reward exploration In accordance with Sapphire's policy to commit approximately 10% of its each flow to high risk/reward ventures, Sapphire has already been granted a lease and is preparing a prospect offshora Mississippi for exploration.

Offshore Mississippi On 13th February 1985, Sepphire was grented a lease by the State of Mississippi ("the State") on a block of 20,307 ecres approximately 15 miles offshore Harrison County, some 3 miles south of Ship Island in 35' of water in the Gulf of Mexico.

Sapphire proposes to drill a test wall to a large apparant reef structure in the Oligocena Heterostegina formation which is well defined by seismic lines and hitherto undrilled. The whole feature could be 7 miles long and up to 2 miles wide according to seismic interpretation. The reef has a maximum thickness of about 600' and the projected total depth of the test well is 6.500'.

The Heterostegina ("Hat") is a formation which extends from south east Texas ecross southern Louislana into southarn and offshore Mississippi. The eastern portion of the trend becomes very limey and exhibits the characteristics of a shallow limestone shelf. The best known Het production to date occurs on several of the more famous piercement salt domes in the upper Texas Gulf Coast and southern Louislana, but most of it is from Het sands, not true carbonates. The middle shelf of the carbonate platform, on which the prospect lies, has remained unexplored in this area as attention has focused on the attractive Miocene sandstones to the south. Furthermore, exploration techniques involved in exploring for carbonates differ from those normally used for evaluating sandstone formations of the Gulf Coast. The geological features often found in a middle-shelf environment are bioherms and patch reefs. These are difficult to locate, but where these types of limestone traps contain oil, they are usually ranked among the world's best



EXPLORATION LOCATION

CIII) AREA OF BEST CARBONATE BUILD-UP ////, DOWNLAP AND FOREREEF AREA CREST OF STRUCTURE

miles

In addition to the mein raef body of the prospect, there is also strong seismic evidence of downlapping beds, perticularly to the south end west of the mein structure, which may have important perceit development, es occurs in the highly productive forerest of the

The southern boundary of the leese is the stete line between Mississippi and Louisiene, the exact location of which is in dispute. However, Sepphire has been advised that the main body of the prospect lies well to the north of the disputed area.

pody of the prospect has well to the north of the disputed area. Tenders are being sought from various petroleum management contractors to act as managers of the wildcat operation. It is estimated that the total dry hole cost will be approximately \$900,000. Considerable industry interest has been shown in this project. It is the intention to sell en interest eo as to leave Sapphire with a controlling interest while reducing substantially the cost to Sapphire of drilling the well.

Rocky Mountain Overthrust Belt
Sapphire has recently increased its working Interest in the Willow Creek and Sapphire
Sapphire has recently increased its working Interest in the Willow Creek and Sapphire
Mountain blocks in Granita County, Montena to 87.5% on adventageous terms, Until
Mountain blocks in Granita County, Montena to 87.5% on adventageous terms, Until
economic conditions for deep ges change, Sapphire has decided not to commance drilling,
although extonsive seismic work has been cerried out and a location selected.

Section 3 - Accountants' Report

Set out below is the text of a letter addressed by Arthur Andersen & Co. to the Directors and to the directors of

Williams de Broo:	
The Directors Sapphire Petroleum P.L.C. Princers Hall	Arthur Andersen & Co. 1 Surrey Street London WC2R 2PS
Austin Friers London EC2P 2HS	25th June, 1985

Williams de Broe Hitt Chaptin & Company Limited P.O. Box 515 Punners Hall London EC2P 2HS

Dogr Sus, in this report the following def "Sapphire" or "Sapphitp Group"

Supphire Petrola pany and its subs The Company was incorporated in England on 24th April, 1981, and acts as holding company for a group of wholly-owned subsidiaries. The principal objective of the Sapphire Group is to provide UK invasiors with access to a broad spread of US oil and gas exploration and production apportunities. Wa have exemined the audited consolidated accounts of the Company and its aubeldisries from incorporation

The financial information set out in this report is based on the audited accounts of the Sapphire Group, which have been prepared under the historical cost convention. The information has been presented in the form required for ennual accounts by the Companies Act 1981. The financial Information covers the period from 24th April, 1981 to 31st December, 1981 and each of the three years ended 31st Oecember, 1984.

In our opinion, the consolidated financial Information set out in this report, which has been prepared on the basis described above, gives a true and fair view of the state of affairs of the Company and the Sapphire Group as at 31st December, 1984, and of the results and sources and applications of lunds of the Sapphire Group for

The significant accounting policies of the Sapphire Group, which have been applied consistently in arriving et the financial information set out below, are as follows:

Basis of accounting The accounts are prepared under the historical cost convention. All appropriate intercompany transactions and balances are excluded from the consolidated accounts.

Foreign currency translation Normal trading activities denominated in foreign currencies are recorded in starting at the exchange rate as of the date of the transaction. Assets and liabilities denominated in foreign currencies have been translated into starting at the rate ruling at the balance sheet date.

Differences arising on the translation of foreign currency transactions, and of assets and liabilities at the balance sheet date, have been reflected in the profit and loss account. Exchange differences atking on the re-translation of the opening nat investment in subsidiary companies are reflected through reserves. [iii] Intangible fixed assets

Non-producing leasehold-costs are carried at the lower of cost or veluation; they will be transferred to oil and ges properties once exploration work has commenced. Recovery of these costs is dependent upon successful exploration for, and development of, oil and gas.

ranguse rixed assets

Dil and gas properties are accounted for on the "full cost" basis, whereby all costs of exploration for and development of oil and gas reserves are capitalised as incurred and depleted over total estimated proved reserves on a unit-of-production basis. Additional depletion is provided if necessary to write-down the full cost pool to the estimated present value of the oil and gas reserves.

Turnover comprises the value of sales of oil and gas produced in the year.

Corporation tax payable is provided on taxable profits at the current rate. Deferred taxation represents the emourn required to allow for the effect of income end expense (primerly interest) being attributable for tax purposes to periods different from those in which credits and charges are recorded in the accounts, and is computed using the liability method.

Profit and Loss Account
to consolidated results of the Sapphire Group for the period ended 31st December, 1981 and the three years ended S1st December, 1984 are set out below:

		Period anded			
		st December		rs anded 3 fst	
	Notes	1981	1982	1983	1984
		£7000	£*000	£1000	£1000
Turnever	(1)	3	317	1,104	2,611
Cost of sales					
Depletion		_	263)	(780)	(2,027)
Operating costs		_	[124]	(278)	1753
US production taxes		_	[15]	(62)	[145]
	10		(402)	[1,120]	12,925
Gross profit (loss)		3	(85)	[16)	1314
Additional depletion	(证) and (证)	(720)	[1,558)	_	(3,741)
Interest Income, net		566	805	492	172
Exchange gains		134	604	622	1,765
Administrative expenses	(mi)	(56)	182)	(327)	[417]
Profit (loss) oo onlinary activities					
before texation		(73)	(336)	771	(2.535)
Texation	(iv)	(147)	(264)	[226]	397
Profit (loss) after taxation		(220)	1600)	545	[2,932]
Accumulated deficit at beginning of period			(220)	(826)	[275]
Accumulated deficit at end of period		(220)	(B20)	(275)	(3,207)
Notes:		daminot.	-	-	

All the turnover, cost of sales and additional depiction arose in the US. Additional depiction represents amounts written off in order to reduce capitalised exploration and development costs to the estimated present value of the oil and gas reserves. In 1984, the Sapphire Group expended approximately £2,500,000 pn oil and gas exploration and development. Little value can be ascribed to this expenditure by independent engineers until further drilling has taken Accordingly, the Oirectors have deemed it prudent to write off a proportion of this expenditure. (iii) Administrative expenses include the following:

	Directors' remuneration	5	9	9	18
	Auditors' remuneration	5	15	15	15
	Depreciation of tangible fixed assets			_	2
	In addition, fees of approximately £25,000 w company by a company in which a Director h	ere charged for gad as an interest.	logical servi	ces rendered	to a group
(h/)	Taxation expenses comprise:				
		1981	1982	1983	1984
		0003	. POOT .	£'000	E'000
	United Kingdom				
••	Deferred taxation	95	232	126	340
	Current tenantion	.52	_	64	10
	United States				
	Windfall profit tex	_	32	36	47
		147	264	226	397
			4	****	

The UK tex charges are computed at statutory rates. Deferred texation arises on notional interest representing the effect of tax rate changes arising from the Finance Act 1984.

For the purposes of US Income Tax, at 31st December, 1984, the Sapphire Group had a carryforward net operating loss of approximately \$10 ntillion.

dends have been declared or paid since incorporation. Source and Application of Funds

31st December, 1981 and the three years ended 31s	Period ended			
	31st December	Years	ended 3!st l	December
	1987	1982	1983	1984
Source of funds	£1000	E'000	E'000	£*000
Profit (loss) after taxetion	(220)	(600)	545	(2.832)
Add items not involving the movement of funds				,_,_,
depreciation and depletion	_	263	780	2.027
additional depletion	720	1,558	_	3,741
deferred taxation	95	232	126	340
Funds from operations	595	1,453	1,451	3,179
Issue of shares, not of expenses	8.022	_	3,586	_
Issue expenses		_	_	(6)
Decrease in working capital, as shown below	-	1,599	153	5,557
	9,517	3.052	5,190	8,727
Application of funds				
Tangible fixed assets	7,319	3,765	5,262	B,001
Intengible fixed assets	1,072	10		578
Foreign exchange adjustments	72	(723)	(72)	148
Increase in working capital, as shown below	7,155			
	9,617	3,052	5,190	8,727
increase (decrease) in working capital				
Debrors	338	169	t.290	(1,164)
Craditors	(59)	(53)	(77)	12371
Movement in net liquid funds	1227	,	,	
cash and short-term deposits	6.879	11.7183	(11,366)	(3.527)
bank overdraft	(3)	3	_	(629)
	7,155	(1,598)	J153)	(5,557)

The issue of shares in 1981 was made to capitalise the Company and to provide funde for the initial in The issue of aheres in 1983 comprised the net proceeds of the rights issue amounting to £3,017,000 and the consideration of £569,000 for the acquisition of AFE and EAO as follows:

205 364 Oil and gas properties 569

5. Belance Sheets
The belance sheet of the Company and the consolidated balance sheet of the Sapphire Group as at 31st

mber, 1984 are set out below.

31st December 1984 £1000 199 Notes £1000 10,513 2,366 (1) 3,527 (1) 12,879 3,531 E33 8,051 224 9,275 (91) 9,194

Cash at bank and in hand	furi	258	224
		901	9,275
Creditors: amounts falling due within one year	Gvi	11,055	[91)
Nat corrent assets (Hebilities)		(154)	9,194
Total assets less current liabilities		12,725	12,725
Provisions for liabilities and charges	(v)	(793)	(793)
Net assets		11,932	11,832
Capital and reserves			
Called up share capital	Ivi)	6,944	8,944
Shere premium account		5,658	5,658
Translation reserve	[ii)	2,537	2,537
Revaluation reserve	(ក)		(4,714)
Retained earnings (accumulated delicit)		(3,297)	1,507
Total capital employed		11,932	11,932

Tangible fixed assets comprise: 22,103 10,509 22, 1P9 10,513 Company Fixtures and fittings

The Investment in subsidiaries is accounted for in the Company accounts under the equity meterby the original cost of the investment is adjusted for changes in the underlying value of assets with a corresponding credit or charge to the revaluation reserve. The Company had the following tall of which were wholly-owned) at 31st December, 1984: Year of Country of incorporation or

Amounta falling due efter more than one year

	Company	incorporation	acquantion
	Sapphire Petroleum Investments Limited	England	1981
	Sapphire Petroleum Holdings, Inc.	USA	1981
	Sapohire Petroleum Vantures, Inc.	USA	1981
	Sapphire Exploration & Production, Inc.	USA	1991
	Austin Friere Energy Limited	Brillsh Virgin Islands	1963
	British American Oil Limbed	British Virgin Islands	1983
		Bullett Alight (Seuce	
	The investment in subsidisties comprises:		£'000
	Cost of investment		5,704
	Surplus arising on re-trenstation of opening nat Inv		2,537
	Decrease in consolidated net essets of aubsidieries	since incorporation	[4,714]
			3,527
			
Ωi)	Debtore comprise: .		
		Consolidated	Company
		€*000	£'000
	Amounts felling due within one year		
	Trade debtors	415	_
	Onlling contract edvances	214	_
	Other debtors	3	3
	Notes receiveble from subsidiary	<u>-</u>	1.486
	Amounts due from subsidiary	<u>—</u>	677
	Pariodina doc moni sobolololy		
		633	2,166
		655	2,100

Notes receivable from subsidiery comprise non imprest-beering, unsecured loan notes, is

633

9,051

				Notional interest	Book value at
		Issue		accrued to	31st December.
	Principal	price	Maturing on	31st December, 1984	1984
	€*000	£.000	•	€.000	£'000
(a)	Issued on 3rd Au	igust, 1981			
	1,500	948	3rd Fabrusry, 1985	538	1,486
	1,500	831	3rd February, 1986	471	1,302
	1,500	729	3rd February, 1987	413	1,142
	1,500	639	3rd February, 1988	362	1,001
	B,000	3,147		1,784	4,931
(b)	Issued pn 14th N	lovember,	1983		
	2.000	1.186	3rd February, 1989	142	1,329
	2,000	1,073	3rd Fabruary, 1990	129	1,202
	1,675	814	3rd February, 1991	96	\$10
	5.675	3,073		367	3,440
	11,675	9,220		2,151	8,371
			Amounts falling d	ue within pne year	1,486
		Amo	eunts falling due efter m	noie than pne year	6,885
Cre	ditors falling due v	withIn one v	rear comprise:		
				Consolidated	Company
				000'3	€*000
8	ank loan			629	
	rade creditors			357	12
	K Corporation Tax	payable	•	69	69
				1.055	
					91

As at 31st December, 1984, the Sapphire Group had unsecured revolving credit lacilities of up to \$1.2 ion (see paragraph 6(IV)).

ovisions for liabilities and charges in the consolidated and Company balance sheet comprise UK ferred texistion surfloutable to timing differences arising on notional interest income accruing on unsecured loan notes.

(vi) At 31st December, 1984, the share capital P) the Company comprised: £'000 15,000,000 Ordinary Shares of 50p eech [see peragraph 61i)) 7,500 Allotted, called up and fully-paid: 13,887,625 Ordinary Shares of 50p each [see paregraph 9]i)) 6,944

(vii) At 31st December, 1984, the capital commitments of the Sapphire Group were €*000

2,009 1,708 Authorised but not contracted for 3,716 Post belance shoot events

Also on 12th June, 1985, the Company Issued an additional 1,373,500 Ordinary Shares in order to acquire the emire issued chare capital of JMGL, Inc., a management company Incorporated in the US. The shares were issued at £1 each and credited as fully paid.

At an Extraordinery General Meeting of the Company on 12th June, 1985, the authorised share capital was increased to £15,000,000 by the creation o) 15,000,000 new Ordinery Shares of 50p each.

Acquieition of JMGL Inc., and emendment o) partnership agreement with Johnson Oil Company. Since 1981, the Sepphire Group has invested in oil and gas projects through the Johnson Oil Company eral Partnership ("JOC").

In 1985 the Sapphire Group's structure, and the agreement constituting JOC, were emended such that a newly-incorporated wholly-owned subsidiary, JMGL, Inc., became the Managing Pertner of JOC in place of the existing Managing Pertners, who were Johnson Management Group Ltd. "JMGL"), which held a 9% interest in JOC, and Johnson Energy International Inc. ("JEI"). The former perners of JMGL transferred their interests in JMGL to JMGL, Inc. in exchange for ordinary sheres. In turn, these sheres were sold to the Company in consideration of the issue of 1,373,500 Ordinary Shares by the Company, as

In addition, JEI ceased to be a partner of JOC, and the administrative functions formerly carried out by JEI have been assumed by Sapphira Petroleum Ventures, Inc. ["SPV").

Accordingly, the partners of JOC are now SPV and JMGL, Inc., both of which are wholly-owned

(iii) Acquisition of oil and gas properties

Shere Capitel

In 1985, SPV entered into an agreement to purchase certain interests in pil and gae properties from Chaparrel Resources, Inc. for a total consideredon of \$2.8 million payable as follows:

(a) \$350,000 in cash. This payment has been made, and is non-refundable.

\$1,250,000 in cash, within twenty-one days of the sale of chares in the Company to the public, but no leter then 30th September, 1985. Of this emount \$500,000 is to be placed in escrow and may be refunded in whole or in part should drilling results from the first two wells fell short of certain

[c) \$1,000,000 in Ordinary Sheres of the Company, subject to the conditions in (b) above. The number of chares to be issued is dependent upon the issue price and the exchange rate ruling on thi day

Subject to the completion of the Offer for Sale, SPV is obligated to drill 4 wells, at an estimated cost of

Also in 1985, Sapphire provided a letter of credit for \$740,000 to secure its obligation to drill a well on an offshore Mississippi lease. It is estimated that the cost of drilling this well will be \$900,000. Sapphire is currently seeking a partner to share in this exploration and subsequent development of this prospect. Bank borrowings

In 1995, the existing revolving line of credit was replaced by a facility of \$3,550,000 ("the borrowing base"), the amount to be reduced monthly in equal amounts for twenty-lour months, bearing interest at prime plus 1½% and payabla quarterly. Repayment of principal is required to be made in monthly instalments in such amounts see are required to reduce outstanding debt to the borrowing base. The agreement also requires a commitment fee to be paid equal to 0.5% of the unused borrowing base.

The borrowing base is determined semi-annually by the bank by raterence to the net present value of the estimated future net cash flow from proved producing reserves. The debt is secured by charges over production revanue from oil and gas properties, \$200,000 of cash deposited at the bank and the Company's shereholdings in its subsidiaries.

n of AFE and BAO In 1985. AFE and BAO were dissolved, and their assets transferred to SPV.

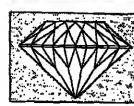
Related party transaction

With effect from 1 July, 1985, Williams de Broe Hill Chapim & Company Limited are to receive a 1ee of £40,000 per annum for the provision of edministrative and other services.

Audited accounts
The financial information concerning the Company end its subsidiaries contained in this report does not amount to full accounts within the meaning of section 11 of the Companies Act 1981. Full accounts of the Company and its UK subsidiary have been delivered to the Registrar of Companies for each of the three financial penods to 31st December, 1983. Full accounts of the Company and its UK subsidiary in respect of the year ended 31st December, 1984 are expected to be delivered shortly to the Registrar of Companies. We have made a report under section 14 of the Companies Act 1967 in respect of each relevent set of accounts and each such report (with the exception of the reports of the Company and its UK subsidiary for the year ended 31st December, 1984, which were not quellified) was qualified as to the recovery of capitalised exploration costs relating to leases under exploration where the realisation of the costs was dependent on the discovery of commercially recoverable oil and gas reserves. Our to subsequent discoveries, these quelifications are not repeated in this report.

Audited accounts of the Company have not been prepared in respect of any period subsequent to 31st

ARTHUR ANDERSEN & CO.,



Sapphire Petroleum P.L.C.

Section 4 - Pro-forma Balance Sheet

The following is a pro-forma consolidated balance sheet of Sapphire based on the audited accounts at 31st December, 1984 and after taking into consideration the estimated net proceeds of the Offer for Sale, the acquisition of JMG and the acquisition of certain oil and gas interests from Chaparral:

	£.000
Fixed assets	
Tangible assets	13,967
Intangible assets	2,366
	16,333
Net current assets	
Cash	6,359
Debtors	633
Creditore	[426]
4.00.00	
Net carrent assets	6,566
Provisions for liabilities and charges	(793)
	22,106
Net assets	22,100
Capital and reserves	
Share capital	10,898
Share premiunt	11,878
Translation reserve	2,537
Accuntulated deficit	(3,207)
Year with a section	22,106
Total capital employed	22,100

- The pro-forms consolidated balance sheet is base 1984 as shown above adjusted for the following: forms consolidated balance sheet is based on the consolidated balance sheet at 31st December,
- (a) the proceeds of the Offer for Sale, not of expenses, estimated at £8,000,000;
- the shares issued on the acquisition of JMG [see paragraph 6(i) of Section 3];
- the cash paid and shares issued on the proposed acquisition of certain oil and gas properties from Chaparral, assuming that all conditions are satisfied [see paragraph B(III) of Section 3); and [d] the repayment of the bank loan.
- Transactiona subsequent to 3tst December translated into sterling at £1 = \$1.25. mber, 1984 which are denominated in US dollars have been

Section 5 - Report from Gruy

Set out below is the text of a letter received by the Di	is actors from Gruy;
The Directors	150 West J
Sapphire Petroleum Holdings, Inc.	Irving,
1725 One Dallas Centre	Texas 7500

Dalias, Texas 75201

June 3rd, 1985

John W. Carpenter Freeway.

As requested by your board of directors, we have estimated reserves and future revenue attributable to interests owned by Sapphira Petroleum Holdings, Inc. [Sapphira] in certain oil and gas properties located in Colorado, Louislans, Oklahoma and Texas. Revenue projections were made with no escaladon of product prices and costs. In addition, we have evaluated Sapphira's imprests in certain exploratory leasehold acreage in Louisiana, Mississippi, Montana, Oklahoma end Taxas.

As of April 1st, 1985, we estimate the net reserves and future net revenue attributable to Sapphire's interests to

Estimated Not Reserves		Estimated Future Net Revenue	
Oil (Barrels)	Gas (Mcl)	Not Discounted	Discounted at 10%
331,883 1,216	1,869,967 91,590	\$9,637,650 t07,154	\$7,643,706 90,462
39,465	1,044,559	3,209,771	1,828,299
372,564	3,006,116	12,954,575	9,562,467
91,462	1,035,808	2,985,115	1,529,843
464,026	4,041,924	15,939,690	. 11,092,310
222,905	1,665,870	5,221,892	2,503,369
176,221	3,631,504	11,116,551	6,157,840
863,152	9,339,298	\$32,278,133	\$19,753,319
	Not Re Oil (Barrels) 331,883 1,216 39,465 372,564 91,462 464,026 222,905 176,221	Net Reserves Oil Gas (Barrels) (Mcf) 331,883 1,869,967 1,216 91,590 39,485 1,044,559 372,564 3,006,116 91,462 1,035,808 464,026 4,041,924 222,905 1,665,870 176,221 3,631,504	Not Reserves Oil Gas Not (Marl) (Barrels) (Marl) 331,883 1,869,967 39,637,650 107,154 39,465 1,044,559 3,209,771 372,564 3,006,116 12,954,575 91,462 1,035,808 2,986,115 464,026 4,041,924 15,939,690 222,905 1,665,870 5,221,892 176,221 3,631,504 11,116,551 863,152 9,339,298 \$32,278,133

The estimated future net revenue shown is that which will be realized from the sale of the estimated oil and gas reserves after deduction of ed valorent taxes, production and windfall profit taxes, operating costs and estimated required capital expenditures. No deductions have been made for general corporate everhead or income taxes, it has been assumed the windfall profit tax phase-out period will begin January 1st, 1991. Discounted future nat revenues were calculated using ten per cent, discount factors, compounded annually, and are not represented to be fair market value. The estimated reserves and revenues are based on individual wall profit tax and do not include salves values or shaped-organic costs. well projections and do not include selvege values or abandonment costs.

The estimated reserves and revenue by operator are as follows:

	Estimated Nat Reserves		Estimeted Future Net Revenue	
Operator	Od (Barreis)	GBS (Mcf)	Not Discounted	Discounter at 109
Dyna Exploration Company	1,026	1,021,102	\$983,185	\$643,696
Murexco Petroleum, Inc.	392,516	3,548,162	14,579,013	8,654,12
Whitmar Exploration Company	202,604	3,493,422	10,484,155	5,602,199
Sapphire Petroleum Ventures, Inc.	132,540	433,948	2,796.587	2,204,30
Others	134,466	842,664	3,435, 193	2,648,99
Total	863,152	9,339,298	\$32,278,133	\$19,753,31

The above figures include reserves of different reserve categories which have not been risk adjusted.

Sapphire also owns Interests in 138,147 gross acres (113,605 net acres) of exploratory oi) end gas leases located in Louisiana, Mississippi, Montane, Oklahoma and Texas. It is our opinion that as of April 1st, 1985, the Sapphire interests in these leases had a value of approximately \$3,582,000. Net acres ere the gross acres multiplied by the Sapphire working interests. The value is based on the current lease values in the areas where the prospects are located. A substancel portion of the acreage value is in Herrison County, Mississ

The reserve estimates and production rate projections summarized in this report ere besed on detailed geologic and angineering studies. Where sufficient date are available, reserve estimates and rate projections for the producing properties have been based on the extrapolation of established performance trends. Reserves for nonproducing properties have been estimated from volumetric celculations or by analogy to similar properties and corresponding rate projections were made consistent with current producing rates and

As used in this report developed reserves are the estimated quantities of crude oil, condensate, natural gas fiquids and natural gas which are recoverable from axisting wells with present operating conditions. Developed reserves include producing, completed waiting on market and behind-pipe reserves. Developed behind-pipe reserves are in reservoire behind the casing in axisting wells and are considered proved aither by production from other wells in the field, by tests or by core analysis in certain instances. Developed behind-pipe reserves require only moderate expense for completion and recovery.

ped reserves are those reserves of hydrocarbona which are estimated to be recoverable from wells yet to be drilled or from behind-pipe zones not considered proved and which would require major expenditures for completion, testing and recovery. Undeveloped reserves in this report are classified as

proved, procedula and possione.

Proved reserves are those which have been proved to a high degree of certainty for commercial production by reason of actuel production or successful testing. Proved reserves are defined areally by reasonable gaologic interpretation of structure and known continuity of oil- or gas saturated reservoir rock. Proved undeveloped reserves ere those proved reserves on undrilled acreage or from existing wells where relatively major expenditures are required to recover the additional proved reserves. In this report proved reserves on undrilled acreage are limited to drilling units which are direct offsets to proved devaloped units and which because hallot probability of production when drilled. have a high probability of production when drilled.

Probable reserves are those which are defined by less direct well control than proved reserves, but which are based on evidence of groducible oil or gas within the limits of the structure or reservoir above known or intered water saturation. In this report probable reserves are limited to drilling units which are "second offsets" or "step outs" to proved develop

Possible reserves are those less well-defined by structural control than probable reserves and which may be based largely on electrical log interpretation and widespress evidence of oil or gas saturation. In this report possible reserves are limited to those drilling units which are no greater than three locations away from

Probable and possible reserves have progressively higher degrees of risk involved than proved reserves. The degree of risk is influenced by economic and technological factors as well es the time element. The estimated reserves and revenues presented in this report for probable and possible reserve classifications have not been risk adjusted to make them comparable to proved reserves. The extent owhich these reserves ultimately may be reclassified as proved is dependent on future drilling, testing and well performance.

to reclassified as proved is dependent on intrine unling, vesting and west performance. It should be noted that there can be no assurence that the quantities of oil and gas classified herain as "reserves" will ultimately be recovered. The accuracy of reserve estimates depends on the quantity and quality of geologic data, production performance and reservoir anginesring data, as well as the judgmental immigratation of such data. The reserve estimates presented in this report should be viewed with the understanding that reservoir performance subsequent to the date of the estimates may justify their revision and that, as a general rule, early reserve estimates based on volumetric analysis or analogy are less reliable than those based on lengthy production performance.

Deta such as axtent and character of ownership, reversions, product prices, test and production data, operating costs and well-costs which were furnished by Sapphire, Johnson Energy Companies and the various operators of the properties have been accepted as represented. Except for the properties previously operated by Arenaa Petroleum in Archer and Young Counties, Texas, no field inspections, well tests or audits of operating expenses were conducted by H. J. Gruy and Associates, Inc. personnel in conjunction with this

If investments or business decisions are to be made in reliance on these estimates by enyone other than our client, such person with the approval of our client is invited to visit our offices at his expense so that ha can evaluate the assumptions made and the completeness and extent of the data evaluable on which our estimates

Any distribution or publication of this report or eny part thereof must include this letter in its antirety. Yours very truly,

H. J. GRUY AND ASSOCIATES, INC.

Section 6 – Report from Bergeson

Set out below is the text of a letter received by the D	irectors from Bergesor	:
The Directors, Sepptire Petroleum Holdings, inc. 1725 One Dellas Centre, Dallas, Texas 75201		4991 Independence Street, Suite 270. Wheat Ridge, Colorado 80033, USA June 3rd, 1985
	, R	e: Reservoir Creek Evaluation Township 38-39 North, Range 89-90-91 West, Fremont County, Wyoming

At your request Jerry R. Bergeson & Associates (JRBA) has evaluated the Reservoir Creek Prospect located generally in Township 38 North, Range 89-90-91 West, Fremont County, Wyoming with respect to the potential production from the Lower Fort Union formation. The effective date of this evaluation is June 1st, 1985. This letter summarizes the results and methodology of the evaluation. A detailed discussion of the evaluation may be found in the report prepared by JRBA on this property dated June 3rd, 1985.

The following is a summary of the potential production and estimated net present value of Sapphire Petroleum PLC's Interest in the potential production of the Reservoir Craek Prospect, Fremont County, Wyoming. All values are expressed in US dollars.

		Net to S	apphire Petroleur	n PLC's Interest
	Gaa (MMCF)	Oil (MBO)	Estimated Ne Undisc. (\$M)	ot Present Value Disc. at 10% (SM)
Case A	14,856	594	45,090	14,477
Case B	20,692	828	68,661	23,0t7
Connecte March of				

The economic analysis utilized JRBA's in-house computer model using initial investment costs provided by Sapphira Petroleum PLC. The scenario for oil and gas pricing and operating costs was run on constant pricing throughout the life of the project. Operating cost of \$3,000 per well per month with an estimated cost of \$800,000 per completed well were used in the economic analysis. A gas price of \$3,51 per Mcf net of taxes and an oil price of \$27,00 per barrel was used. State severance and ad valorem taxes were estimated at 13% and windfall profits tax was calculated based on JRBA's understanding of the windfall profits tax.

- An evaluation including ultimate recovery, production forecests and before income tax revenue projections were made by JRBA for the Reservoir Creek Prospect, Fremont County, Wyoming by using the Frenchie Draw Field for analogy. The production performance of the wells in Frenchia Draw Field was used to entimate a range of potential production from the Reservoir Creek Unit. The range of the potential value of the Reservoir Creek Field was avaluated by using two cases. Case A is based on an estimated average recovery per well of 1.8 8cf. 1.8 8cf is the median value of the cumulative recoveries of Frenchia Draw wells as of January 1st, 1965. Case A estimated 54 wells would be drilled between 1985 and 1993. A provision was made for 15 non-completions during this development program in estimating the cash flow projections. Case 8 utilized an average recovery per well of 2.1 8cf. This was based on the Frenchia Draw Field production with 25% of the wells averaging a recovery of 0.7 8cf, 50% averaging a recovery of 1.8 8cf, and 25% averaging a recovery of 4.1 8cf. The case 8 scenario also assumed 54 wells would be drilled but only 5 non-completions would be encountered.
- Revenue to recests were carried out on a before-income tax basis. Provision was made for severence, ed valorem and windfall profits tax as presently applicable. For windfall profits tax purposes, Sapphire Petroleum PLC was assumed to be an independent producer subject to lower tax rates.
- Acreaga values were not assigned to the non-producing or undeveloped lands. Pertinant data such as well data, production information, extent and nature of ownership and burdens and other factual data were supplied by either Chaparral Resources, Inc., Sapphire Petroleum PLC, or obtained from public sources and were accepted as presented. The effective data of this study is June
- No onsite inspection was made nor was deemed necessary to evaluate this prospect

Although commercial production from deeper formations, i.e. Lance, Sussex and Shannon, is present in offsetting fields, these zones were not included in this evaluation. Existing well logs indicate that these intervels are present under the acreage evaluated, and may be potentially productive.

The accuracy of reserve and economic evaluations are subject to uncertainty. The magnituda of this uncertainty is generally proportional to the quality and quantity of data available for analysis. As a well matures and new information becomes available, provisions may be required which either increase or decrease the previous reserve assignments. Sometimes these may result not only in a significant change to the reserves and value assigned to a property, but may also impact the total company reserve and conomic status. The reserves and forecast contained in this report are based on technical analysis of the available data using accepted angineering principles. However, it must be accepted with the understanding that further information and future reservoir performance subsequent to the date of this estimate may justify additional revision.

The potential production estimate was based on enalogy to the Frenchie Draw Field located southeast of the Reservoir Creek Prospect. The Reservoir Creek Unit has two wells which have been tested and for which well logs exist. These wells appear to be similar to Frenchie Draw wells adding credibility to the use of Frenchie Draw as an analogous reservoir. The Frenchie Draw wells have recoveries which range from 300 MMct to 8,600 MMcf. If the Reservoir Creek Unit does not encounter wells with recoveries in excess of 2,000 MMcf as were found in Frenchia Draw, the potential production and resulting cash flows for Reservoir Creek may be substantially reduced. Any estimate is especially subject to uncertainty when analogy is applied.

JRBA expresses no opinione end makes no representatione as to questions of legal interpretation, accounting interpretation, or as to the sufficiency for your purposes of our procedures discussed herein. Furthermore, the repder should be aware that there are certain inherent risks involved with oil and gas well exploration, drilling and completion and that no essurance is given as to the success of drilling or completing any well or the economic return from possible production. Reserve estimates and cash flow forecasts shown herein are not intended as a recommendation to drill specific locations. Neither JRBA nor its employees have any interest in this property, Sapphire Petroleum PLC, or Chaparral

Very truly yours,

BCF

JERRY R. BERGESON & ASSOCIATES, INC.

Section 7 – Glossary of Terms

The following is a glossar	y of the principal technical terms es used in this prospectus.
Appraisal Drilling	An intermediate phase between the first exploration w

ue torrowing is a diaseary o	w the principal technical terms as used in this prospectos.
Appreisal Drilling	An intermediate phase between the first exploration wall and development drilling. This phase often delineates the extent of a field but is not necessarily required on all projects.
Attributable Barrels	Those barrels of oil produced from eny lease to which the holders of en Interest are entitled by virtue of their interest in that lease.
Barrel	One barrel of oil equets 42 US gellons.
Barrels of Oil Equivelent	Approximately 10 MCF of gas are equivalent, in terms of cash value currently available to Sapphira, to one barrel of oil.

A billion (thousand million) cubic feet. A lens-like rock body of organic origin within rocks of different lithology. **Carried Working Interest** An agreement under which one party (the carrying party) agrees to pay for a portion of or ell of the development costs of another party learned partyl on a property in which both own a portion of the working interest.

Refers to the work performed to open a pericular formation and the installation of permanent equipment for the production of oil and gas from a recently drilled well. Development Drilling Drilling to e known productive geological zone in a previously discovered Dry Hole An exploratory or development well that does not produce oil or gas in

Drilling either in search of a new and as yet undiscovered reservoir of oil and/ Exploratory Drilling or gas, or with the hope of greatly extending the limits of an existing An area consisting of a single or multiple reservoire ell grouped on or ralated to the sama individual geological structural and/or stratigraphic feature.

Injection of fluid into an oil or gas well at high pressure to induce artificial fractures in the reservoir and so to increase the inflow of oil or gas into the well. Solid greins, e.g. send, are usually added to prop open the fracture. Fractura Treatment |Frec.| A well producing primarily natural ges. Gas Well A contract in which the owner of mineral rights gives en oil company the right to explore for, develop, and produce minerals from the property.

The standard measure of volume for natural gas -- 1,000 cubic feet. 1,000,000 cubic feet. A geological structure incorporating more than one known hydrocarbon bearing formation. Multi Pay Zone The gross acres multiplied by the working interest in the lease.

Those reserves net to the appraised interests after deducting all lessehold and royalty interests owned by others. Net Reserve: Revanus which could accrus to the appreciaed interests from the production and sale of the estimated net reserves after deducting production taxes, windfall profit taxes, direct lease operating expenses, ad valorem taxes and Net Revenue

A well drilled on the next location to an existing productive well. Offset Well A well which produces crude oil. Oii Well Tha perty who supervises operations on an oil or gas lease. Operator That point in time when cumulative distributions from a productive propi to the interested parties first equal the aggregate of copifel contributions made by the parties, or in certain cases a specific preferred return.

The measure of the case with which fluids can move through a reservoir. The relative volume of the pore space compared to the total bulk volume of **Porosity**

An area with one or more formations that have peternial to be productive of oil and gas but which has not bean sufficiently tested in the immediate area to prove or condemn the potential would be considered prospective. The various categories of oil and gas reserves are defined in the Petroleum Reserve Categories The share of the gross production of oil and gas on a property payable to the Royalty interes mer who does not bear any of the costs of developing or

producing the oil or gas. The interest in the oil and gae in place which is burdened with the cost of development and operation of the property. Working Interest

Section 8 - Illustration of Projected Cash Flow

Set out below is an illustration of the projected cash flow of Sapphire for the period ending 31st Decemb 1986. It has been prepared, for the purposes of illustration only, on the basis of the Petroleum Consultan Reports Isee Sections 5 and 6) and on the basis that Sapphira's production, development and explorationallying programme for the period until 31st December, 1986 is implemented in full.

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it is emphasised that this is not a forecast and should be read in conjunction with the assumptions set out

DEIGHT.				
	6 months ending 30th June 1985 5000	6 months ending 31st December 1985 \$000	Year ending 31st December 1985 \$000	Year ending 31st December 1986 \$000
Net operating revenues - existing projects - new projects	1,128	1,850 175	2,978 175	6,000
Administrative expenses	1,128 (548)	2,025 (450)	3,153 (998)	6,850 (900
Operating cash surplus	580	1,575	2,155	5,950
Cash balances (bank borrowings), beginning of period Operating cash surplus Oil and gas property acquisitions	(418) 580 (350)	(1,953) 1,675 (1,250)	(419) 2,155 (1,600)	1,929 5,950
Exploration and development expenditure	(1,764)	(6,443)	(8,207)	(5,504
Proceeds from Offer for Sale, net of expenses	_	19,000	10,000	
Cash balances fbank borrowings), end of period	(1,953)	1,929	1,329	2,375

Should the gross selfing price of oil and gas decline by 10%; or production rates decline by 10%, the operating cash surplus for the years ending 31 December, 1985 and 1986 would be \$1,827,000 and \$5,319,000

The following assumptions have been made in preparing the illustration of the projected cash flow shown

- The Group will not be materially affected by any of the risk factors detailed above.
- Nat proceeds from the Offer for Sale after expenses will be \$10,000,000. (iii) No account has been taken of Infletion.
- The projected price per berrel of oil and MCF of gas attributable to Sapphire's working interests are \$26.66 and \$2.41 respectively in 1985 and \$26.73 and \$2.51 respectively in 1986.
- The exploration and development programme end the acquisition of certain oil and gas properties from Dyne and Cheperral (see above) will proceed as anticipated, and the cost of the programme and acquisition will be funded out of the proceeds of the Offer for Sale and future cashillow.
- (vi) No account has been token of any further projects which may be entared into in the period of the
- (viii) Net Income from existing projects is based upon an Independent report prepared by Gruy. New projects comprise the acquisition of oil and gas properties from Dyne and Chaperral. Net Income derived from the Dyne project (\$175,000 in 1985 and \$850,000 in 1986) is based on information received from the operator. It has been assumed that no income will be derived from the Chaparral properties in the projection
- Iviii) No account has been taken of the interest that will accrue on projected cash balances.
- (ix) No account has been taken of dividends that may be paid in the period of the projected cashflow. (x) Amounts denominated in sterling have been translated into dollars at the reto of \$1.25 of £1.

The following section summarises those aspects of US and UK texation applicable to Sepphire and its Subsidiaries and the principal UK texation implications for investors in Sapphire. Whilst every effort has been made to ensure the accuracy of the information set forth herein, no guarantee can be given that the law is as set forth, or that the US internal Revenue Service or the UK inlend Revenue will interpret such law es indicated, herein. Potential shareholders who have any doubt as to their tex position are advised to consult their

Section 9 - Taxation

US Taxation Federal Taxes
 SPH is incorporated in the State of Delsware and SPV, SEP and JMG are incorporated in the State of Texas,
United States, They will be subject to US federal lax on their income and capital gains. The rate of federal
income tax is graduated up to 45 per cent, which applies on taxable income over \$100,000; capital gains are

JOC, being a partnership, is not itself aubject to tax, as the tax charge arising from the partnership entity arises directly on the partners.

SPH and its wholly-owned US Subaidisries file a consolidated return for US tax purposes enabling the profits and losses of the corporations involved to be offset egeinst each other, thus generally ensuring maximum utilisation of the US tax allowances described below. US taxation lew has the usual distinction between capital costs end revenue costs. Tex relief for capital costs is usually spread over the life of the asset on e straight line basis, unless accelerated tax depreciation is available. Revenue costs are deducted as incurred. However, there are e number of special feetures reducing the effective rate of US taxadon on ventures involving the exploration for and development of US oil and gas, the

three most important being:

(a) Intengible drilling and development costs

Expenditures which are incidental to and necessary for the drilling of wells and their preparation for production and which in themselves have no salvage value may be deducted for tax purposes in the year in which they are incurred. Alternatively, these costs may be capitalised and tax relief claimed by means of depletion over the productive life of the well. This deduction is subject to recepture, as an addition to current taxable income, in the event of the disposal of the property at e.ge(n.

(b) Depletion
Capital expensitions incurred in evaluating and acquiring oil and gas properties may be deducted for US tax purposes by means of a depletion ellowance. Such capital expenditures include lease acquisition, geological and geophysical, and certain other costs. The depletion allowed for each oil and gas property is the greater of the ellowance computed under the "cost" or "percentage" depletion methods. Percentage depletion may be utilized only by "independent producers". SPH and its subsidiaries qualify as independent producers since they are not engaged, directly or indirectly, in the retail marketing of Sil and gas or oil and gas products and are not refiners of crude oil. If cost depletion is utilised, the taxpayer is entided to recover its capitalised cost in any property over the

productive life of the property. Cost depletion, with respect to any specific property, cannot exceed the taxpayer's adjusted tax basis in that property. Unlike cost depletion, percentage depletion is not limited to the taxpayer's edjusted basis in the property, but continues to be available as a deduction each year, even after the adjusted basis has been fully depleted. Percentage depletion is computed by multiplying a taxpayer's chare of gross income from the property by e

statutory percentage rate which is currently 15%. The percentage depletion allowance for a year may not exceed the lower of 50% of a corporation's taxable income from the property for tha year or 55% of the total taxable income of the corporation for the year, and it is available only as to the first 1,000 barrels of average deily production of oil and the appropriate equivalent in gas. entage depletion is not available, however, on properties acquired after 1974 which are, in accordance tha definition of the Internal Revenue Service, proven properties at the time of purchase. At present,

epproximately 60% of Sapphire's US properties obtain percentage deplet (c) Investment Tay Credit An investment sax credit may be available for expenditure on certain depreciable equipment and other tangible property with a useful title of at least three years. For accelerated cost recovery system ("ACRS")

property with a useful life of three years that credit is 6% of the cost of the property. For all other ACRS qualified property it is 10% of the cost of the property.

There are limitations on the emount of the credit which may be used in any one year, but excess credits may be carried back three years end forward seven years subject to certain conditions. The credit is subject to recepture, es en addition to the current federal income tex liability, if the property ceases to be qualifying property such as when the property is sold or disposed of before the end of its useful life. Two factors can increase the level of US tax. These ere:

(e) Windfall Profit Tax

ise tax known as the "windfall profit tax" is levied on US produced crude oil. Oil is taxed in one of rrectiers and the tax rate is applied to the difference between the sales price and a base price computed under uldelines established by the US Treasury Department. The Sapphire Group is currently taxed at the most three tiers and the tax rate is app favoureble independent producer rate of 30%.

The windfall profit tax is an allowable deduction in computing income for US federat income tax purposes. It will be phased out over a period to begin after 31st December, 1987 and anding no later than 1991. (b) Minimum Tax corporations may be subject to a minimum tax on certain "preference items". A tax of 15% is computed on certain preference items reduced by the greater of \$10,000 or the regular corporate tax liability. This tax is in

addition to any income tox liability. Tax preferences peculiar to oil and gas investment are the amount by which a corporation's percentage depletion deductions exceed its adjusted basis in each property. In addition, eccelerated depreciation on real property, approximately 40% of net capital gains, and in some cases other items not ordinarily involved in oil and gas operations, are included among the tax preference items for a corporation

State end Local Taxes SPV, SEP end JMG ere subject to Texas franchise taxes based on their net worth. SPH Is not subject to such a tex, being a Delawara corporation. The Sapphire Group does not pay other state taxes at present due to the availability of operating losses.

Current US Proposals

The reliefs currently available to oif and gas producers may, however, be restricted by reform proposals presently under consideration by the US Administration. The most recent proposals include a maximum federal corporate income tax rate of 33% for taxable years beginning on or after 1st July, 1986; the phasing out of percentage depletion for production on or after 1st January, 1986 and the ebolition of the option to expense intengible drilling costs with respect to costs paid or incurred on or after 1st January, 1986, in addition, for assets acquired on or after 1st January, 1986 the proposals would repeal the investment tax credit and replace the ACRS with a new real cost recovery system IRCRSI, RCRS would, however, allow recovery of the inflation adjusted cost of an asset rather then limiting deductions to the original cost. Current US Proposala

It is not certain whether these proposals will uldmately be anacted in their present form and accordingly it is not possible to determine the effect, Il any, that the proposals will have on Sapphire's US operations. Withholding Lax and Friendship
Dividends paid by SPH to SPIL will be subject to a 5% withholding tax. No withholding tax is imposed on any
interest payments made by SPH to SPIL or Sepphire or on the maturity of the deep discount notes issued in

The discount is deductible for US tederal tax purposes on these existing notes as it accrues year by year. The discount is deductible on redemption of any new notes issued after 1st July, 1984.

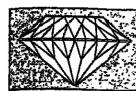
Foreign Investment In Real Property Taxes Act I FIRPTA*(
As SPH is a US real property holding corporation, SPIL may be chargeable to US tax on any disposal by it of its investment in SPH lexcept on an internal reorganisation). The US tax payable ntay be credited against the respective UK corporation tax.

2. UK Taxation

2. UK Taxastion
The incoma arising to the UK resident companies, SPIL and Sapphire, which will consist principally of payments of dividends, discount arising on the redemption of deep discount notes by SPH and interest on loans to SPH will be subject to UK corporation tax. The rate of corporation tax is to reduce from 40 per cent, for the financial year ending 31st March, 1986 to 35 per cent, for years ending on or after 31st March, 1987. Corporation tax is also payable on any chargeable gains at an effective rate of 30 per cent. Dividends received by SPIL will have suffered US withholding tax and the antigunt of tax so deducted will be available as a credit of which the respective dividends were paid. Credit is also available for underlying US tax paid on the profits out exceed the respective UK corporation tax.

Dividends received by Sapphire front SPIL will not be subject to tax in Sapphire's hands.

When Sapphire pays dividends or ntakes other distributions to its shareholders it has to make a payment of sevence corporation tax I"ACT" I equal to a fraction [currently 3.7ths] of the dividend. Subject to certain limits, ACT peld during an accounting period is credited against the company's liability to "mainstream" corporation tax on its taxable income (but not its chargeable gains) for thet accounting period efter allowing for any double taxation credit. Surplus ACT of any accounting period may be carried back and set against corporation tax on the income of accounting periods beginning within the six years preceding that period. Any remaining surplus ACT which has not been dealt with in this way may be carried forward against tax on the income of succeeding periods. Surplus ACT of Sapphire may also be surrendered for offset by SPIL against tax on its income of a current accounding period or succeeding period (but not earlier periods).



Sapphire Petroleum P.L.C.

3. Taxation of investors Sapphire has to account to the UK Inland Revenue for ACT when it pays a dividend

A UK resident Individual sharoholder is entitled to a tax credit equal to the ACT paid in respect of any dividend received. The net cosh dividend regenerate with the tax credit is included in the individual's UK taxable income. The tax credit is available for offset against the individual's total income tax liability or, in appropriate cases,

A UK resident corporate shareholder will not be liable to UK corporation tax on any dividend received. Whether holders of shares in Sapphiro who are resident in countries outside the UK are entitled to the tax credit in respect of dividends depends in general upon whether there is an appropriate provision graming the entitlement in any double tax treaty in existence between the UK and the relevant country. Persons who are not UK resident should consult their professional advisers to determine what refief, if any, is

Section 10 - Statutory and General Information

Saphire was Incorporated in England on 24th April, 1981 as a public limited company (registered number: 1556167) under the Companies Acts 1948 to 1980 with an authorised share capital of £7,500,000 divided into 15,000,000 Ordinary Shares of 50p each.

On incorporation, 2-Ordinary Shares of 50p asch were allotted and issued to the subscribers for cash at

On 30th June, 1981, 10,009,998 Ordinary Shares of 50p each were allotted and issued to subscribers for cash at a subscription price of £1 coch.

On 30th June, 1983, Sapphire offered 3,336,639 new Ordinary Shares of 50p each at 93p per share by way of rights on the basis of 1 new Ordinary Share for every 3 Ordinary Shares held on 15th June, 1983. As a result of such issue, 3,308,625 new Ordinary Shares were allotted and issued to shareholders.

On 23rd December, 1983, 569,000 Ordinary Shores of 50p each were allotted and assued as consideration for the ocquisition of the whole of the issued characapitals of Austin Friers Energy Umited and British American Oil Limited. At an Extraordinary General Maeting of Sepphire held on 12th June, 1985 the authorised share capital of Sepphire was Increased to £15,000,000 by the creation of a further 15,000,000 Ordinary Shares of 50p

On the same date, 1,373,500 new Ordinary Shares of 50p each were issued to W. E. Johnson III (1), W. E. Johnson Jnr. (2), R. S. Johnson (3), R. K. Dowd (4), J. L. Taylor Jnr. (5) and Willbro (6) under the terms of the contract referred to in paragraph 7 (a) below.

On 25th June, 1965, 6,000,000 Ordinary Shares of 50p each were provisionally ollotted to Williamo de Broe at an aggregate subscription price of £5m, on the terms and conditions set out in the Offer for Sala Agreement referred to in paragraph 3 below.

The Oirectors of Sapphire have been advised that Sapphire is not a close company within the provisional nte and Corporation Taxes Act 1970.

SPIL is a private company incorporated in England on 24th April, 1981 and has an authorised share capital of £10,000 divided imo 10,000 ordinary chares of £1 each, all of which have been issued and are fully paird. SPIL's principal activity is that of a holding company.

SPH is a private company incorporated in the United States on 8th May, 1981 in the state of Delaware. SPH has an authorised espital of 20,000 \$1 shares of common stock, of which 15,110 have been issued at

par and ere fully paid. SPV is a private company incorporated in the United States on 30th April, 1981 under the Taxas Business Corporation Act. SPV has an authorised capital of 5,000,000 \$1 shares of common stock, of which 1,500,000 have been issued at par end are fully paid.

SEP is a private company incorporated in the United States on 30th April, 1981 under the Texas Business Corporation Act. SEP has an euthorised capital of 5,000,000 \$1 shares of common stock, of which 300,000 have been issued at par and are fully paid.

JMG is a private company incorporated in the United States on 10th May, 1985 under the Texas Business Corporation Act. JMG has on authorised capital of \$1,000,000 divided into 1,000,000 shares of commo stock having no par value, of which 1,000 have been issued for \$1,679,525 and are fully paid.

Offer for Sale Agreement By an Agreement dated 25th June, 1985 ("the Agreement") between (1) Sapphire (2) the Directors and (3) Williams de Broe, Williams da Broe agreed (conditionally upon the Council of The Stock Exchange granting permission to deal in the whole of the issued shere capital of Sapphire in the Unlisted Securities Market by not later than 1st July, 1985) to subscribe or procure subscribers for 8,000,000 Ordinary Shares of 50p each at 150p per share ("the subscription price") end to offer such shares to the public at a price equal to the aubscription

The Agreement provides, inter olia, that Sapphire shall pay the costs and expenses of, and incidental to, the increase in the authorised share capital of Sapphire for the purposes of the Offer for Sale, the application for permission to deal in the share capital of Sapphire in the Unlisted Sacurities Market, the accountancy, logal and other professional expenses relating to the Offer for Sale, the fees and expenses of the registrars, and receiving agents, the capital duty payable on allotment of the new shares and the costs of printing, advertising and circulating the Offer for Sale prospectus and all other related documents.

The total expenses payeble by Sapphire ere estimated to anyount to £1,000,000 (exclusive of value added tax), Williams de Broe will receive e commission of 2 per cent. (plus value added tax) on the Offer for Sale price, out of which it will pay a sub-underwriting commission of 1½ per cent. (plus value added tax where appropriate), in addition, Williams de Broe will receive e (ee of £80,000 (plus value added tax).

4. Articles of Association The Articles of Association of Sapphire provide, inter alia, as follows:

(i) Subject to any terms as to voting upon which eny sheres may be issued, every member who is present in person at a general meeting of Supphire shall, on a show of hands, have one obtain. On a pool, every member who is present in person or by proxy shall have one vote for every shere of which be is the holder.

No member shell be entitled to vote at any general meeting if any call or other sum presently payable by him in respect of those shares remains unoaid or if he has been duly served with a er Section 74 of the Companies Act 1981 and he lain default in supplying to Sapphire the information thereby requested within 28 days commencing on the date of such notice.

(b) Directors

The Directors shall be paid out of the funds of Sapphire by way of remuneration for their services such sums as may be determined by Sapphire in general meeting, provided that the total amount of such ramuneration (excluding eny sums to which e Cirector may be entitled under the terms of any contract with Sapphire) shall not exceed £70,000 per annum. Such remuneration shall be any contract with Sapphire) shall not exceed \$70,000 per annum. Such remitteration shall be divided between the Directors in such proportion and manner as they may unanimously determine or in default of such determination, equally. A Director holding office for less than a year shall be entitled to a proportionate part of such remuneration. The Directors shall be entitled to be repaid all expenses incurred by them in connection with the business of Sapphire. Any Director who performs special services for Sapphire may be paid such extra remuneration as the Directors may

The Directors may (by establishment or maintenance of schemes or otherwise) pay or procure the payment of pensions, allowances, gratuhies or other benefits to any person including past and present Directors of Sapphire or any of its subsidiaries.

Save as provided below, a Cirector shall not vote in respect of any contract or arrangement or ony other proposal whatsoever in which ha has eny material interest end shall not be counted in the quorum at a meeting in relation to any resolution on which he a debarred from voting. Sapphire may by ordinary resolution suspand or relax such provisions to any extent or ratify any transaction not duly authorised by reason of a contravention thereof.

(iv) A Director shall, in the obsence of some other material interest than is indicated below, be entitled to vote end be counted in the quorum in respect of ony resolution co

any contract or arrongement for giving to such Director enviscentity or indemnity in respect of money lent by him or obligations undertaken by him for the benefit of Sapphire; any contract or arrengement for the giving by Sapphire of any security to a third party in respect of a debt or obligation of Sapphire which the Director has himself guaranteed or secured in whole or in part; any contract or arrangement by e Director to subscribe for shares, debentures or other securities of Sapphire issued or to be issued pursuent to any offer or invitation to members or debenture holders of Sapphire or ony class thereof or to the public or any section thereof, or to underwring any shares, debentures or other securities of Sapphire; only the section that in a shares or debentures or other securities of Sapphire; or other securities of Sapphire; or other securities of Sapphire or ony others.

stures or other securities of Sapphire or by reason of any other interest in or through

Sapphire; any contract or arrangement concerning any other company (not being a company in which the Director owns 1 per cent. or more) in which he is interested directly or indirectly whether as an officer, shareholder, creditor or otherwise howsoever; only proposal concerning the adoption, modification or operation of a superannuation fund or retirement, death or disability benefits acteme which relets both to Directors and employees of Sapphire or of ony of its subsidiaries and does not accord to any Director as such any provided on a refugerage port parentilly accorded to the ampliculate to which must such any privilege or adventage not generally accorded to the employees to which such

such any privilege or actionized as section or fund relates; several or fund relates; any prioringement for the benefit of employees of Sapphire or of any of its subsidiaries under which the Circetor benefits in a similar manner as the employees and does not accord to any Director as such any privilege or advantage not generally accorded to the employees to whom such schemo or fund relates.

(v) The provisions of Section 185 of the Companies Act 1848 (relating to the appointment of persons as Directors and the ratirement of Directors who are aged 70 or more) shall apply to all the Directors of

rowing Powers Sorrowing Powers
Save as provided below, the Directors may exercise all the powers of Sapphire to be rrow money and to
mortgage or chargo its undertaking, property and uncalled capital, and to issue debentures, debenture
stock and other securities whether outright or as colleteral security for any debt, flability or obligation of
Sapphire or any third party. The Directors shall restrict the borrowings of Sapphire and, so far as it can by
the exercise of all rights and powers it has in relation to its subsidiaries, those of its aubsidiaries so as to Sapphyte or any third party. In a Directors shall reserve, the unmovings of sapphyte and, so far as it can by the exercise of all rights and powers it has in relation to its subsidiaries, those of its aubsidiaries so as to ensure les regords subsidiaries so lar as by such exercise it can secure) that the aggregate emount for the ensure les regords subsidiaries so lar as by such exercise it can secure) that the aggregate emount for the time being remeining undischarged of all monies borrowed by the Group (exclusive of monies owing by one trember of the Group to another member of the Group ahall not without the previous sanction of an ordinary resolution exceed an omouth equal to the Adjusted Total of Capital and Reserves (as defined in he Articles of Association).

Directors' and other interests

The interests of the Directors and their immediate families (all of which are beneficiall in the leaved share capital of Sapphire immediately before the Offer for Sale which are required to be entared in the register capital of Sapphire immediately before the Offer for Sale which are required to be entared in the register mentalished under the provision of the Companies Act 1967 are as follows:

capital 0.013 2,000 23,166 J. D. Webster . A. W. F. Wright 0.037 P. Pollerd J. L. Taylor Jnr. M. I. Henderson 68,675 1,333 216,025 0.450 0.009 1.415 0.033 5.000 R. H. R. Latham 0.131

Save as disclosed above, none of the Directors has any interest (beneficial or non-beneficial) in the issued share capital of Sapphire.

The Directors have not been notified of any shareholdings which represent S per cent, or more of the linear capital of Sapphire save for the following shareholders, all of whom are clients of Williams issued share capital of Sapphire save for the following shareholders, all of whom are clients of Williams

of 50p each 908,499 Bank of Scotland London Nominees Limited . . 1,738,282 1,987,166

(c) (i) Mr. P. Pollard is a director of and shareholder in Wetherell Edwards & Company, Limited which

Mr. P. Pollard is a director or one anatomic and the provides technical services to SPA. Mr. W. E. Johnson III was the General Parmar of Johnson Management Group Ltd. Further to the arrangements described in paragraph 7(a) of this Section 10, Mr. Johnson received 206,025

Mr. W. E. Johnson III was the General Parmar of Johnson Management Group Ltd. Further to the arrangements described in paragraph 7(a) of this Section 10, Mr. Johnson received 205,025 Ordinary Shares in Sapphire.

Mr. Johnson is also a parmer in Johnson, Johnson & Johnson, a Texas professional corporation from which Sapphire rents office space and related tacilities.

Mr. A. W. F. Wright is a director of and shereholder in Williams de Broe which firm will raceive in connection with the Office for Sale a fee of £80,000 fexclusive of VAT) and a commission of 2 per cant. (plus VAT) of the value of the Shereholder in Williams de Broe which firm will raceive in connection with the Office for Sale a fee of £80,000 fexclusive of VAT) and a commission of 2 per cant. (plus VAT) of the value of the saterated into an agreement with Sapphire dated £2th June, 1965, under which Williams de Broe has antered into an agreement with Sapphire dated £2th June, 1965, under which Williams de Broe providas Sapphire with office and related facilities.

Mr. Wright is close a director of Willbro, a subsidiary of Williams de Broe which was a partner in Johnson Management Group Ltd. Willbro received 686,750 Ordinary Shares in Sapphire as pert of the arrangements described in paragraph 7(e) of this Section 10.

Mr. Wright was formerly a shareholder in Austin Friers Erergy Limited which company was acquired by Sapphire on 23rd December. 1863 in consideration of the ollotment of shares. Mr. Wright received 4,000 Ordinary Shares in Sapphire as a result of this trensaction, which is referred to in paragraph 7(b) of this Section 10, be received 68,676 Ordinary Shares in Sapphire. Save es disclosed above, no Otrector has any interest in any trensactions which are or were unusual in their nature or conditions or which are or were significant to the business of the Group and which were effected by any member of the Group sinco30th June, 1983 remain in any way outstanding or unperformed. Save as disclosed above, no Director has or had any interest,

6. Directors' remuneration and service agreements
The aggregate fees of the Directors of Sapphire for the year ended 31st December, 1984 were approximately
£18,000 and it is enticipated that their fees for the financial year ending 31st December, 1985 will, under the
arrangements in force of the dete of this document, be approximately £30,500, and from 1st July, 1985, will be
set the arrangement of £62,000.

Prior to 1st July, 1985, no emoluments (other then Director's fees) were paid to the Directors. It is anticipated that (other then Oirectors' fees) the aggregate amoluments of the Directors for the financial year anding 31st. December, 1985 will be £22,500, under the contract referred to at sub-paragraph (a) below and \$40,000 under the contract referred to at sob-paragraph (b) below.

It is estimated that the aggregate annual fees and emoluments of the Cirectors will be £93,000 and \$80,000. The Directors' service agreements may be summarised as follows:

An agreement dated t2th June, 1985 between (1) Sapphire and (2) Mr. A. W. F. Wright under which Mr. Wright is employed as Menaging Director of Sapphire, on a part-time basis, at a salary of £45,000 per annum (which may be increased following review by the Board of Directors from time to time) for an initial period of three years from 12th June, 1985. This agreement may be determined by 6 months' written notice from aither party.

An egreement as of 1st July, 1985 between (1) SPH and (2) J. L. Taylor Jnr. under which Mr. Taylor is employed as President and Chief Exacutive Officer of SPH at a salary of \$80,000 per annum for an initial period of one year from 1st July 1985. This agreement may be determined by 90 days' written notice from either party.

Save as disclosed above, there are no other contracts of service between Sapphire or env of its Subsidiaries and any Director of Sapphire. All Directors are antitled to reimbursement of reasonable expenses incurred on Sapphire's business.

7. Material Contracts
The following contracts, not being contracts in the ordinary course of business, have been entered into by
Sepphire or its Subsidiaries within the two years immediately preceding the date of this prospectus and ere or

An agreement dated 1st October, 1983 between (1) SPH, (2) Johnson Management Group Ltd., (3) Johnson Energy International Inc., (4) William E. Johnson III and (5) Willbro whereby the agreemant constituting JOC dated 15th May, 1981 was amended in certain respects.

An agreement dated 23rd December, 1983 between (1) Sapphire and (2) the vendors named therein under which Sapphire agreed to purchase the issued share capitals of Austin Friers Energy Limited and British American Oll Limited for a consideration of 1 new Ordinary Share of Sapphire for every 5 Ordinary Shares hald of Austin Friers Energy Umited or of British American Oil Limited, amounting to an issue to the vendors of 569,000 new Ordinary Shares of 50p each in Sapphire.

An agreement dated 14th May, 1985 (as amended by emendments dated 24th May, 1985 and 10th June, 1985) between (1) SPV (2) Paul V. Hoovier and (3) Chaparral under which SPV agreed to purchase certain interests of Chaparral in the Four Well commitment, Lower Fort Union Formation, South Madden field, Fremont and Natrona Counties Wyoming, for a consideration of \$2,600,000, to be satisfied by a cash payment as to \$1,500,000 ("the cash consideration") and the belance by the issue of Ordinary Shares In Sapphire ("the share consideration").

The cash consideration comprises sums of \$350,000, which has elready been paid, \$750,000, which is The cash consideration comprises sums of \$350,000, which has clready been paid, \$750,000, which is payable within 21 days of the date of this prospectus, and of further sum of \$500,000 ("the conditional cash consideration."). The conditional cash consideration and the share consideration are each payable in two equal instalments on the setisfactory completion of each of the first two wells, which, together with two additional wells SPV is committed to drill, following the completion of the Offer for Sale. In the event it is determined that either of the first two wells will not achieve payout within 40 months of completion, by the conditional cash consideration and the share consideration, in the event that it is determined that both these wells will not achieve payout within 40 months of completion, the conditional cash consideration and the share consideration. will cause to be payable. In the event that the Offer for Sale does not take place, the agreement is

An agreement dated as of 31st May, 1985 whereby the agreement constituting JOC was restated and

An agreement dated 20th May, 1985 between (1) Sapphire, (2) W. E. Johnson III, (3) W. E. Johnson Jnr. (4) R. S. Johnson, (5) R. K. Dowd, (6) J. L. Taylor Jnr., end (7) Willbro under which Sapphire, in consideration of the endre issued share capital of JMG, agreed to issue 1,373,500 Ordinary Shares to

An Agreement dated 1st July, 1982 as amended by e Supplemental Agreement dated 12th Juna, 1985 between (1) SPH and (2) Wetherell Edwards & Company, Limited, of which Mr. P. Pollard is a director, under which Wetherell Edwards & Company, Limited provides technical services to SPH for a fee of (g) The Offer for Sale Agreement referred to in paragraph 3 above.

The Directors of Sapphire are of the opinion that after taking into ecocunt the estimated net proceeds of the Offer for Sale and Sapphire's banking facilities, Sapphire will have sufficient working capital for its present

re or toen capital of Sapphire or of its Subsidiaries Is under option or has been agree conditionally to be put under option.

Save for the Ordinary Shares to be issued pursuant to the contract referred to in aub-paragraph (c) of paragraph 7 of this Section 10, and the Ordinary Shares which have been issued pursuant to the contracts referred to at sub-paragraphs (b) and (e) of paragraph 7 and by way of the rights issue referred to in sub-paragraph (d) of paragraph 1 of this Section 10, no share or loan capital of Sapphire or of its Subsidiarias has, within the two years immediately preceding the date hereof, een issued, agreed to be Issued or is now proposed to be assued either for cash or otherwise.

(iii) Save es disclosed herein, within the said two years no commissions, discounts, brokerages or other special terms have been granted by Sapphire or ony of its Subsidiaries in connection with the issue or sale of any part of their respective share or loan capitals.

With the exception of the Ordinary Shares to be issued in the Offer for Sale, and pursuant to the agreement referred to in sub-paragraph (c) of paragraph 7 of this Section 10 no material issue of shores (other than shares first offered to shareholders pro rate to existing shareholdings) will be made within one year of the date of this document without the prior approval of Sapphire in General Meeting. No issue with the prior approval of Sapphire or the nature of Sapphire's business without the prior approval of Sapphire in General Meeting.

Neither Sepphire nor any of its Subsidiaries is involved in any legel or arbitration proceedings which may have or have had during the twelve months preceding the data of this prospectus a significant affect on the financial position of the Sapphire Group nor, so far as the Directors are aware, ere any such proceedings pending or threatened against any of the Sapphire Group. Arthur Andersen & Co., Bergeson and Gruy have given, and have not withdrawn, their written consents to the issue of this prospectus with the inclusion herein of their respective reports and the reterences

thereto in the form and context in which they oppear. Save as disclosed herein, there has been no metorial change in the financial or trading position of Sapphire since 31st December, 1984 the date to which the latest audited accounts of Sapphire were

The minernum amount which in the opinion of the Directors of Sapphire must be raised by the issue of the Ordinary Shares now being affered is £5m which, in relation to the matters specified in paragraph 4(a) of part 1 of the Fourth Schedule to the Companies Act 1948, is made up as follows:

—£6.0 million (i) Tangible and intangible assets

(ii) Preliminary expenses -£1.0 million -- Nil (iii) Renevments

(iv) Working Capital -£2.0 million

in addition on amount of £5.4 million is to be provided from operating cash surpluses and available bank For the purposes of section 50 (1) of the Companies Act 1948 the application lists in respect of the Ordinary Shares of 50p each which are the subject of the Offer for Sele will open at 10.00 e.m. Tuesday 2nd July, 1985 and may be closed at any time thereafter.

(h) Unless otherwise stated, all currency equivalents shown in this prospectus are based on an exchange rate of \$1.25 to £1 Starling.

10. US investors The Ordinary Shares which are the subject of the Offer for Sala heve not been and will not be registered under the Securities Act of 1933 of the US. Accordingly the shares may not be offered or sold directly or indirectly in the US, to or for the benefit of any US person, or to any person purchasing any of the shares for reoffering or readle, directly or indirectly, in the US or to, or for the benefit of ony US person, as part of the distribution of such shares. Furthermore, no such shares may be offered or sold in the US or to or for the benefit of, any US person prior to the date 90 days after the completion of the distribution of such shares, as determined by Williams de Brue. Notwithstanding the expiration of such 90 day period, any offers or sales of such shares in the US to or for the benefit of, any US person must be made pursuam to the registration requirements of the Securities Act of 1933 of the US or an exemption therefrom.

Each applicant will represent by the delivery of a duly signed application form that he is not a US person and is not purchasing any of the shares for the benefit of any US person and that he has acted and will act in compliance with the requirements of the foregoing peragraph. For further details, see the opplication form set

11. Documents available for inspection Copies of the following documents may be inspected at the offices of Williams de Broe Hill Chaplin & Company Limited, Pinners Hall, Austin Friers, London EC2P 2HS during usual business hours on any weekday days and public holidays excepted) until 12th July, 1985:

the Memorandum and Articles of Association of Sepphire; the oudited occours of Sepphire for the three years ended 31st December, 1984; the Accountants' Report by Arthur Andersen & Co.; the Petroleum Consultants' Reports;

the material contracts referred to in paragraph 7 ebove; the Service Agreements referred to in paragraph 6 above; the written consents referred to in paragraph 9 (d) above.

Section 11 – Procedure for Application

Applications must be made on the Application Form set out at the end of this document and must be for o minimum of 100 shares and thereafter for the following muhiples of shares; in multiples of 100 shares between 10 and 1,000 shares, in multiples of 500 shares between 1,000 shares and t0,000 shares, in multiples of 1,000 shares between 10,000 shares and 25,000 shares and in multiples of 5,000 shares

Applications must be fodged with or posted to National Westminster Bank PLC, New Issues Department P.O. Box 79, 2 Princes Street, London EC2P 28D so as to arrive in either case not foter than 10.00 a.m. on Tuesday, 2nd July, 1985 (being the time of the opening of the application lists).

Each application must be accompanied by a separate cheque or bankers' draft, drawn in Sterling on o branch in England, Scotland, Wales, Northern Ireland, the Channel Islands or the Isle of Man of a bank which is either a member of the London or Scotlish Clearing Houses or which has arranged for its cheques and benkers' drafts to be cleared through the facilities provided for the members of those Clearing Houses (and which must bear the appropriate sorting code number in the top right hand

comer), made payable to "National Westminster Bank PLC" and crossed "Not Negotiable Sapphire presenting payment in full at the application price. Due completion and delivery of an Application arm accompanied by a chaque will constitute an undertaking that the chaque will be honoured on first esentation: attention is drawn to the declaration in the Application Form to that effect.

The right is reserved to present all cheques and bankers' dualts for payment and to retain Letters of Acceptance and surplus application moneys pending clearence of all applicants' cheques. The right is also reserved to reject any application in whole or in part. Multiple or suspected multiple applications ere fable to be rejected. Applications will be irrevocable until after toth July. 1985. Photosret copies of Application Forms will not be accepted.

Application forms will not be accepted.

No person receiving a copy of this document or an Application Form in any tarritory other than the UK may treat the same as constituting an invitation or offer to him, not should be in any event use such Form, unless in the relevant territory such an invitation or offer could lawfully be made to him or such Form could lawfully be used without contrevention of any applicable registration or other legal requirements. Any person outside the UK wishing to make an application heraunder should satisfy himself as to observance of the laws of any relevant territory, including obtaining any requisite governmental or other consents or observing any other requisite formalities, including the payment of any Issue, transfer or other taxes required to be paid in such territory.

The Application Form contains certain confirmation, representations, warranties and undertakings in respect of US securities laws which must be made by the persons applying for eheres.

Williams de 9 roe will have discretion in deciding the basis of allocation. In so deciding, Williams de 9 roe will have regard to the need to establish a satisfactory market in the chaires, for which purpose a reasonable number of shareholders is required.

The basis of effocation will be ennounced on or as soon as possible after Wednasday, 3rd July, 1985. Renounceable Letters of Accoptance are expected to be despatched on 8th July, 1985. Dealings are expected to commonce on 9th July, 1985. Successful applicants will receive temporary documents of title, in the form of renounceable Letters of Acceptance, for the number of Ordinary Shares effected to them. A successful oppicant may, free of stamp duty, sell or otherwise dispose at all or some of the Ordinary Sheres ollocated to him by completion of the form of renunciation on his Letter of Acceptance and delivery of the Letter to the transferee. Upon renunciation, such a Letter becomes a negotiable bearer document. Detailed instructions will be set out in the Letters of Acceptance but a successful pearly document, because injuries will be set out in the bank manager, stockbroker, applicem who is in any doubt about his position should consult his bank manager, stockbroker, accountant, solicitor or other professional adviser. Letters of Acceptance will be renounceable until accountant, solicitor or other professional adviser. Letters of Acceptance will be renounceable until 3.00 p.m. on 9th August, 1985; thereafter an instrument of transfer must be used and stamp duty will be payable on any salo or other disposed of Ordinery Shares.

The Shares now being offered for sale will be registered free of stamp dury and registration fees in the names of applicants or persons in whose favour Letters of Acceptance have been renounced provided that, in cases of renunciation, Letters of Acceptance (duty complated in accordance with the instructions contained therein) are lodged for registration not later than 3.00 p.m. on 9th August, 1985. Share certificates are expected to be posted on 6th September, 1985.

10. All documents, cheques and bankers' drafts will be sent at the risk of the porsons antified thereto.

In order to obtain registration of shares covered by Letters of Acceptance which have been renounced, the persons in whose favour such Letters of Acceptance have been renounced will be required to make certain confirmations, representations, werranties and undertakings in respect of US secunhealaws comparable to those contained in the Application Form.

Acceptance of opplications to conditional on permission being granted by the Council of The Stock Exchange for the whole of the Ordinary Share capital of Sapphire, issued and now being offered for sale, to be dealt in on the Unlisted Securities Market (subject only to posting renounceable Letters of Acceptance) not teles than 1st July, 1865. Application moneys will be returned (without interest) if such Ordinary Shore capital is not so admitted and, in the meamino, will be hold by National Westminster

13. If any opplication is not accepted, or is accepted for fewer shares then the number applied for, the application moneys or the balance of the amount paid on application (as the case may bell will be returned (without interest) by crossed cheque in favour of the applicant(s) through the post at the risk of

Copies of this document with Application Forms may be obtained between 27th June, 1985 and 2nd July,

ms de Broe Hill Chaplin & Company Limited, Pinnere Hall, Austin Friers, London, EC2P 2HS

National Westminster Bank PLC. New Issues Departn P.O. Box 79, 2, Princes Street,

and National Westminster Bank PLC at the following addr 14 Blythswood Souare. Colmore Centre. Glasgow G2 4AQ 103 Colmore Row, Birmingham 83 3NS

80 Georga Street

55 King Street.

9 Park Row.

Application Form Sapphire Petroleum P.L.C.

(Registered in England under the Companies Acts 1948 to 1980 No. 1558167)

Offer for Sale

WILLIAMS de BROE HILL CHAPLIN & COMPANY LIMITED of

6,000,000 Ordinary Shares of 50p each at 150p per share, payable in full on application

The application lists will open of 16.00 a.m. on 2nd July, 1985 and may be closed at any time thereafter.

APPLICATIONS MUST BE RECEIVED BY 10 e.m. ON TUESDAY, 2nd JULY, 1985. Applicants are strongly edvised either to deliver this Application Form by hand or to use first class post and ellow et least two days for delivery. 70: WILLIAMS de BROE HILL CHAPLIN & COMPANY LIMITED.

"Number of shares for Amount of cheque Applications must be for a minimum of 100 shares and in the following multiples. in materials of 100 phases for more than 1,000 shares, but not more than 10,000 phases in multiples of 500 shares

ONLY

Number of

Amount received

Amount payable

BLOCK

CAPITALS

shares

I/We enclose a chaque-benker's draft payable to National Westminater Bank PLC for the above inentioned sum, being the full amount payable in respect of the above stated number of Ordinary Shares of 50p each of Sapphire Patroleum PLC. If the Company* it at 150p per share and twee offer to purchase that number of Ordinary Shares and twee agree to accept the same or any smaller number in respect of which this application may be accepted upon the terms of the prospectus dated 27th June, 1965. FOR OFFICE USE cases 27th June, 1985.
We havely authorize you to send a renounceable letter of acceptance in respect of the said Ordinary Sharis, anchor a choque for any monitor returnable, by post at my out risk to the address given in the box below and to procure my out nametal to be registered in the Register of Members of the Ecompany, as holder(s) of the said Ordinary Shares, or of those of them which are not

of the Company as holder(a) of the sold Ordinary Shares, or of those of them which and not effectively remounced.

In consideration of your agreeing to consider applications upon the terms and subject to the conditions of the said prospectus, lives agree that this application shall be invescable until 10th July, 1985 and that this paragraph shall constitute a collatoral contract between me us and you which shall become binding upon receipt of the Application Form, duly completed, by National Westminster Back PLC, New Issues Department.

If We understand that due completion and delivery of this Application Form accompanied by a chequer(panker) a draft will constitute a warranty that the choque will be honoured on first presentation and acknowledge that any allocation to meass as made on that understanding. If We also acknowledge that letters of acceptance and cheques for any application momies returnable are table to be held pending clearance of applicants' cheques. If we are not the contract of the Cotter shall be governed by and construed in accordance with the laws of England. While heards deliver any and construed in accordance with the laws of England. While heards deliver the table to be held pending clearance of applicants' cheques. While heards deliver the table of the Cotter shall be governed by and construed in accordance with the laws of England. While heards deliver the table of the two understands they the Ordinary Sherrs have not been accordance with the laws of England. While heards of the Cotter of the tendence of the table of States of the perfect of the two understands and all areas of the first perfect of the table of States of the perfect of the table of States of the perfect of the states of the perfect of the states of the perfect of the table of States of the perfect of the states of the pe

First or Sole Applicant Please use

(Mr., Mrs., Miss or Title). Address (in full).

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Joint Applicants (if any)	Forenames (in full)
ALL JOINT APPLICANTS MUST SIGN AND GIVE NAMES AND ADDRESSES BELOW	Address (in full)
	(Post Coda)
2. Signature	4. Signature

(Mr., Mrs., Miss or Titlo).. Address (in full) ... Address (in full)(Post Code) ...

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A corporation should complete this Application Form under hand by a duly authorized officer who should state his representative especies; if this Application Form is signed under a power of attorney, such power of attorney must exceed person to the proper of attorney such power of attorney such power of attorney such according forms of the proper of th

sides EC27-23D, and should arrive not more train to a.m. on any superior unusual separator appearance from war to account to account

THE ARTS



Opera and Ballet

Hariser de Seville, conducted by
Hens Graf, Almaviva sung by Dano
Raffanti/Noel Velsaco, Rosine by
Suzanne Mentzer, Figaro by Patrick
Raftery and Besilio by Ruggiero
Ratmondi. Opera Comique (296 0811)
Robert le Diable alternates with
Soirée de Ballets and with Tosca.
Conducted by James Coulon with
Raina Kabaivanska in the title role
and Giacomo Aragall in that of Raina Kabaivanska in the title role and Giacomo Aragali in that of Cavaradossi. Paris Opera (288 5022).

tsoper (53 24/26 55): Turandot conducted by Slatkin with Dimitrova Freni and the Vienna Boys Choir, Cavalleria Rusticana and Der Bajaz-

zo; Lohengrin.
Volksoper (5324/2657): Count of Luxembourg conducted by Artmiller;
Vienna Blood; Der Wildschütz con-

WEST GERMANY

Berlin, Deutsche Oper: Cosi fan tutte, produced by Götz Friedrich, brings together Angela Denning, Ame-So-fie von Otter and Keith Lewis. Si-mon Boccanegra, sung in Italian, has Ingvar Wixell in the title role for the first time. (34381)

Hamburg, Staatsoper: Die Entführung aus dem Serail is steered to triumph by Kurt Moll as Osmin. Boris Godunov is offered in a concert version with Gabriele Fontana and Kurt Moll as leads. La Traviata features Francisco Araiza and Julia Varady. Zar und Zimmermann has fine interpretations by Jutte-Renate Inloff and Toni Blankenheim. (351151). Frankfurt, Opera: Premiering this month is Der Rosenkavalier, produced by Philippe Sireuil. In the main parts are Gail Gilmore, Helena Doese and Manfred Schenk. Tos-ca, conducted by Guiseppe Patane, has Maria Slatinaru in the title role.

Also Der Zigeunerbaron, Aida and Hoffmann's Erzählungen. (25621). LONDON Royal Opera, Covent Garden: In the new production of Ariadne auf Nax-os, Jessye Norman and Rosalind

os, Jessye Porman and Adsaind Plowright alternate in the title role, and Kathleen Battle and Celina Lindsley in that of Zerbinetta; Jef-frey Tate conducts. The glittaring cast for the new production of Rossini's La donna del lago includes Mar-ilyn Horne and Frederica von Stade.

(240 1086).
English National Opera, Coliseum:
The last two performances of the current season - the new produc-tions of Philip Glass's Akhnaten and Michael Tippett's Midsummer Mar-riage. (8363101).

Royal Ballet moves to a tent in Batter-sea Park for two weeks with a rea-sonably-priced performance every

sper (53.24/2657): Count of Lar-ourg conducted by Artmuller, and Blood; Der Wildschütz con-ed by Richter.

WEST GERMANY

Artmuller, mght.
Festival Ballet opens at the Coliseum on Tuesday with a new staging of Coppelia which plays all week.

(836.3161).

poleto, Teatro Nuovo: La Fanciulla del West produced by Bruce Beres-ford, the Australian film director, tackling opera for the first time.
Costumes and scenery by Ken
Adam (involved with the most fa-

mous of the Bond films). Spoleto
Festival Orchestra is conducted by
Christian Badea (with the Westminster Choir). 578344 (Rome) 40255
(Spoletn).

The Pastore Conducted by Gabriele
Ferro and produced by Fierbuig Fizgi (who also designed scenery and

Stage shenaning reiry and produced by Feering Fiz-zi (who also designed scenery and costumes). In the east, Lucia Aliber-ti, Kaaren Erickson, Brigitte Poschner, Yosiisa Yamaii and Jorio Zennaro (37023).

Turin, Teatro Regio: Madame Butter-fly conducted by Will Umburg and directed by Mario Nasciguerra. (54 80 00)

Milan, (Central Courtyard of Milan University - Ca' Granda) via Festa del Perdono: I Promessi Sposi, A two-act ballet by Roberto Azon based on Alessandro Manzoni's novbased on Alessandro Manzoni's nov-el, with choreograpy by Mario Pisto-ni and scenery by Luisa Spinatelli. In the cast, Luciana Savignano, Oriella Doriella and Francesco Sedeno, with the La Scala corps de ballet. Every Day except Sunday. (899128).

Naples, Teatro di San Carlo: La Son-nambula with Edita Gruberova (al-ternating with Maria Dragoni) An-tonio Savastano, Simone Alaimo and Kate Gamberucci. (418266). Testro alla scala, Andrea Cenier by Umberto Giordano, conducted by Riccardo Chailly and produced by Lamberto Progelli with Silvana Mazzieri, Eva Marton and Jose Car-reras; Don Pasquale conducted by Claudio Abbado with Luciana Serra, Sesto Bruscantini, Ernesto Gavassi Sesto Bruscantini, Ernesto Gavass and Alfredo Kraus. 809126.

Madrid, Teatro de la Zarzuela. An alltoo-rare appearance in his own country of top Spanish tenor Placido Domingo in Verdi's Otello, conduct-ed by Luis Antonio García Navarro, artistic director Piero Paggiani (Wed). (2216510).

LONDON

Noises Off (Savoy): The funniest play for years in London, now with an improved third act. Michael Blakemore's brilliant direction of back-stage shenanigans on tour with a third-rate farce is a key factor. (896 8668).

tarlight Express (Apollo Victoria): Andrew Lloyd Webber's rollerskating folly has 10 minutes of Spielberg movie magic, an energy first haif and a dwindling reliance on indiscriminate rushing around. Dis-neyland, Star Wars and Cats are all influences. Pastiche score nods towards rock, country and hot gospel. No child is known to have asked for

No child is known to have asked for his money back (334 5184). On Your Toes (Palace): Rodgers and Hart's 1936 musical is a genuine ton-ic. American jazz dance collides with the Ballets Russes. Gents in-clude There's a Small Hotel, Glad to be Unhappy and the Balanchine bal-let for Slaughter on Tenth Avenua. (437 6834).

let for Slaughter on Tenth Avenue. (437 6834).

42nd Street (Drury Lane): No British equivalent has been found for New York's Jerry Orbach, but David Merrick's tendancing entravaganta has been rapturously received. American Clare Leach is a real find as Peggy Savyer, and Margaret Courtenay has a field day (836 8108). Me and My Girl (Adelphi): Sleek, efficient and enjoyable revival of Britain's higgest war-time musical hit with Robert Lindsay in the Lapino Lane role emerging as the best new Lane role emerging as the best new musical star since Michael Craw-

musical star since Michael Crawford. (8367611).

The Government Inspector (Olivier):
Striking but unturny revival with under equipped TV comic Bik Mayall playing the poseur as a shricking nose picker. Richard Eyre's production for the NT lacks either comictension or true delirium but, with John Gunter's imposing design of a bureaucratic bund, the show has a

sort of mammental starkness as well as nightmarish tedium. New translation by Adrian Mitchell

Bermun (Victoria Palace): Michael Crawford returns to London with his breathtaking performance as the circus impreserio, adding one or two new tricks in a likeable mer-ingue of a musical (8341317, credit crede 8344311

cards 828 4735). Jumpers (Aldwych): Confident almost sober revival of Tom Stoppard's gifttering comedy of love, number and linguistic maybern among the log-cal positivists, with Paul Eddington a more earth bound George Moore II than was Michael Hordern, Pelicitrian was michael hornern, resir-ty Kendal delightful as his retired musical comedy wife. Peter Wood directs. (8366404, credit cards 3796233).

Richard III (Barbican): Last year's
Stratford-upon-Avon production
with Antony Sher demonically exciting as Richard in the ESC revival by
Bill Alexander. Plays in repertory
with Roger Rees as Hamlet and
Kenneth Branagh as Henry V. All
worth seeing (6288795, medit cerds
6388881).

Fravds. (Officier): Entertaining epic
new play by David Hare and Howard Branton for the National Theatre in which an unscrupulous South
African magnate acquires Britain's
most prestigious newspaper. A Jonsonian satire on the grand scale ard III (Barbican): Last year's

sonian satire on the grand scale with an irresistible performance by Anthony Hopkins as the colonial who penetrates the Establishment while a nation dithers. (9282252).

MEW YORK
Cais (Winter Garden): Still a sellout,
Trevor Nunn's production of T. S.
Eliot's children's poetry set to trendy music is visually startling and
choreographically feline, but classic
only in the sense of a rather staid
and overblown idea of the stricality.
(239 5262).

42nd Street (Majestic): An immodest
celebration of the beyday of Broad-NEW YORK

way in the '30s incorporates gens from the original film like Shuffle Off To Buffalo with the appropri-ately brash and leggy hoofing by a large charus line. (977 9020). Dreamgirls (Imperial): Michael Ben-nett's latest musical has now be-

come a stalwart Broadway presence despite the forced effort to recreate the career of a 1960s female pop group, à la Supremes, without the quality of their music. (239 6200). Brighton Beach Memoirs (40th St). The first instalment of Neil Simon's mix of memories and jokes focuse on a Depression era Jewish hous

hold where young Eugene falls awk-wardly in love with his cousin. (2211211). warry in love with his count. (2211211).

A Chorus Line (Shubert): The longest-running musical ever in America has not only supported Joseph Papp's Public Theater for eight years but also updated the musical genre with its backstage story in which the songs are used as auditions rather than emotions. (239 6200).

Sunday in the Park with George (Booth): Inspired by the Seurat painting, Stephen Sondheim fashions a musical with dots and dashes of song that end too soon but work well with Tony Stratger's pretty set and James Lapine's book which changes gears in the second act (2396262).

WASHINGTON

Count of Monte Cristo (Eisenhower) The second production of Peter Sel lars' new American National Thes tre company is the James O'Neill version of this swashbuckler.

CHICAGO

Six Characters in Search of an Author (Goodman): Robert Brustein brings his acqlaimed American Repertory Theatre to Chicago for this Piran-dello classic. Ends July 14 (4433800). Music

ITALY

losaza, Piazza del Signori: Mahler's symphony no. 9 conducted by Elia-hu Inbal with the Orchestra of La Fenice (Tue). (37023) poleto, Teatro Caio Melisso: Midday

Spoteto, Teatro Caio Melisso: Midday concert every day until end of festival on July 14. (39 200 or 40 255).

Reme, Chiesa di S. Anselmo: Bach organ recital by Giancario Parodi (Mon). Basilica di S. Sabina: Piano recital by Gabriella Cosentino. Scarlatti, Schubert, Liszt and Chopin (Wed). 63 16 90).

NETHERLANDS

Austerdam, Concertgebouw. Plexre-Alain Volondat performs with the Amsterdam Philharmonic conduct-ed by Muhai Tang, Mozart, Liszi, Stravinsky (Tue). (718345).

Vienna Symphony Orchestra conduct-ed by Gyorgy Lebel with Ernst Kov-acic, violin. Handel, Schwetzik and Besthoven. (Tue). Arkadenhof. Vicana Symphony Orchestra conduct-ed by Hiroyuki Iwaki with Walter Klien, piano. Handel, Mozart and Berlioz. (Thur). Arkadenhof.

Stansda, Patio de Los Arrayanes, Al-hambra Palece. Soprano Jessye Norman in songs by Brahms, Wag-ner, Ravel and Richard Strauss to Richard Nunn's piano accompani-ment (Mon); elso in Granada Music Festival, at Auditorio Manuel de Falla: Pano concert by Hugh Tin-ney: Beethoven, Albeniz, Scriabin, Chopin, Liszt (Tue): Luis Claret (cel-lo): Bach Suites (Wed). (225291).

NEW YORK The Kings Singers (Tanglewood): Fugues, madrigals and Jerome Kern figure in the group's repertory (Wed). Lenox, Mass. (413 637 1940)

WASHINGTON National Symphony: conductor, Le-onard Bernstein. Traditional free

concert on the grounds of the Capi-tol. Mixed programme includes Bernstein: An American Songlest, played by a sextet led by the com

CHICAGO Ravinia Postival (Highland Park): The savinta Pestivas (riignison Park): The 50th anniversary season includes a variety of programmes and per-formers starting its opening week with the LaSalle Quartet in a pro-gramme honouring the centenary of Alban Berg's birth. (728 4642)

HOLLYWOOD Hollywood Bowl: Oregon Bach Festi-val Orchestra and Chorus conducted by Helmuth Rilling. Bach St. Mat-thew Passion (Tue); Bach B Minor Mass (Wed).

LONDON

Nathan Milstein, violin end Georges Piudermacher, piano. Bach, Brahms, Paganini and others. Boyal Festival Hall (Mon). (928 3191). London Symphony Orchestra conduct-ed by Neville Marriner with John Browning, piano. Verdi, Mozart and Rachmaninov. Barbican Hall (Tue). (638 8891).

MUSICAL TOURS

The 22nd festival in the Grange de Meslay near Tours. June 28-July 7, is a music lover's joy. This year the programme is given over to 20th century composers including Ligeti, Webern, Britten, Schönberg, Bartuk and Berg. Pierre Boulez will conduct Ensemble Intercontemporain and Ensemble Orchestral de Paris. Sviatoslav Richter ameeurs with other soloiets and in

Orchestral de Paris. Sviatoslav Richter appears with other soloists and in a plano recital.

The apotheosis will be an exceptional Boulez-Richter concert dedicated to Stravinsky. Hotel de Ville, Tours, (47) 613124, Ext 744 or 926.

Express Dairy's North Devon factory produces over 12,000 tonnes of Cheddar cheese a year.

In a recent energy saving exercise the company decided that the only way to make significant cuts in fuel costs was to convert from oil to coal. So they installed a coal fired package of an automatic boiler with integrated coal and ash handling and storage systems. The boiler is a twin furnace GWB Ashmaster with tipping grate for automatic ash removal. The plant operates, under the control of a micro-processor. On a site where cleanliness and the environment are of major importance, coal delivery is by pneumatic vehicle and all handling is in totally enclosed systems.

Tony Pennell, Engineering Manager at Express Dairy comments: "The major criteria for conversion were economics, good payback, cleanliness and automatic operation. These criteria have been met and we are saving £600 a day on fuel costs. It's been so successful we've now ordered a further six of these. coal fired boilers".

What makes sense for companies like the Express Dairy, John Smith's, ICI, and British Aerospace also makes sense for the whole of British industry.

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British coal costs less than other fuels. And the NCB intends to make sure coal prices remain competitive.

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British coal leads the world in boiler technology, combustion techniques and methods of coal and ash handling. In today's installations coal and ash are seldom seen and rarely touched by hand. To maintain supplies there is a nationwide network of coal distributors who are strategically situated to give advice and provide an efficient service to industry.

Real help with conversion costs.

There's a Government Grant Scheme to help companies who want to convert to coal. This, with the backing of European loans, creates a really attractive financial package.

A final word from Malcolm Edwards, Commercial Director of the NCB: We believe British coal can save energy costs for your company. Let us talk — we can do good business together'.

For further information please fill in the coupon and send it to the Industrial Branch, Marketing Department, National Coal Board, Hobert House, Grosvenor Place, London SW1X 7AE.

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Exhibitions

KEW YORK

from the period between the 1851 Crystal Palace Exhibition to the 1900 World Fair in Paris strate the show's theme of Revivals and Explorations in European de-corative aris. Ends Sept 5.

National Gallery. Ancient Art of the American Woodland Indians inchides 151 pieces covering 5,000 years of sculpture, ceramics, copper and shell objects of the native Americans who lived in what is now the eastern half of the U.S. Ends

Ang 4.
National Gallery (West Bidg): 26 old master paintings from the Dulwich Picture Gallery are exhibited under the title Collection for a King, inelading works by Rembrandt, Van Dyck, Canaletto and Gainsborough, Ends Sept 2.

CHICAGO.

Art Institute: Though Edouard Manet made etchings primarily to reproduce and multicles his paintings, he Civilization: This is the first of a developed a unique style as shown in the 27 etchings in this special ex-bibit of more than a third of his total output of 75 etchings. Ends Sept 2. Art Institute: With 200 of Marc Chagall's works on paper dating from 1967 to 1963, this show from the Centre Pompidou in Paris makes a good study of Chagall the draughts-man. Ends July 7.

BRUSSELS

Hotel Metropole is celebrating its 90th year and in its splendid fin de siècle public areas, worth a visit in themselves, they are exhibi-ting glass and objets d'art from the Bells Epoque to Art Nouveau including works by Wouters, Galle and Daum. Also on show are a collection of illustrated me-nu cards including a Press Ban-quet in 1893, Congo in 1898 and Sarah Bernhardt in 1896. Ends July 20.

Opera costumes from 1959 to the pres-ent including Zeffirelli's Rigoletto. Bosquet's Traviata and Karl Ernst Herreman's Clemency of Titus. Musée de Costumes et Dentelle. Until

Tony Cragg - a major exhibition of one of Britain's contemporary sculptors. Palais des Boeux Arts. Ends July 28.

WEST GERMANY

Munich, Staatsgalerie moderner Kunst, Prinzregentenstr. 1: German Art since 1960, 200 paintings, prints and drawings by 13 artists from the private collection of the German Prince Franz of Bavaria. Among them: Benys, Richter and Klefer. Ends Sept 15. Enden, Ackhuysen-Gesellschaft, Rat-haus am Delft: To honour the late Franz Radziwill on the 90th amiver-

Franz Radziwill on the 90th anniver-sary of his birth. Ends July 20.

sary of his birth. Ends July 20.

Bonn: Rheinisches Landeamuseum,
Colmantstr. 14 5300. Fairy-tales,
Myths, and Monsters. 43 works by
22 European artists, among them
Messager, Paladino, Schmalix, Tatafione and Wawrin. Ends July 28.

Berlin, Gropius Ban, Stressmannstr.

116 Berlin 61: Treesures of the Forbidden Citles. Timed to coincide
with this year's Berlin Horizon 85,
the Peking Palace museum is comwith this year's Berlin Horizon 85, the Peking Palace museum is com-ing to Europe for the first time, with roughly 120 works covering 3,500 years of Chinese history. The exhi-bition in Berlin includes gold, and Jade, paintings, porcelain, musical instruments and calligraphs. Ends August 18.

August 18. Angust 18.
Cologne, Schnütgen Museum Cacilenstrasse 29: Gothic Art from Bohemia, 60 masterpieces from between 14th and 16th century on loan from the National Gallery, Prague. Ends July 21.

July 21.
Disselderf, Städtische Kunsthalle
Grebbeplat 4: A retrospective of
Rupprecht Geiger with 100 paintings from between 1945 and 1984.
Ends July 21.

VIENNA

Figure 1879-1939: Dream and Reality: The greatest names of the Viennese fin-de-siècle – Klimt, Otto Wagner, Schiele, Kokoshka, Aldolf Loos, Jo-Schiete, Kokoshka, Aldolf Loos, Josef Hoffman - in a dazzling display of Jugendstil creative gamus. The attempt to integrate the artistic achievements of this era with philadelikal dasabases (notably hical developments (notably genstein but also Freud) and political transformations (the emer-cence of municipal socialism on the

tious and only partly successful. The complex tension between autocratic and censored reality on the one hand and the Illusions or fantasies of individual artists on the other is hinted at but not fully explored. A high point of the abow is a recon-struction of Hoffman's room at the screening a horizont room at the secession exhibition of 1902. Here, trimmphantly restored, is Klimt's fifty-foot Beethoven frieze depicting humanity's progress through suffering to joy on the theme of the Ninth Symphony. Displayed exactly as in-tended, this alone is worth a special visit. Kunstlerhaus. Ends October 6.

Martigny: Fondation Pierre Gianadda; 250 Klee paintings in the striking modern gallery built over the Ro-man ruins of the city of Octodurus. Ends Nov 3. (028/23978).

ITALY

Venice, Palerzo Fortuny: Toys for the science-fiction era, showing how vastly more suphisticated robots have become, since first produced in the 1950s. Ends Jul 14.

long series of exhibitions to mark The Year of the Etruscans, and shows the results of the most recent research into the Etruscan world. A useful history of this civilization's birth, development and decline. Ends Oct 20.

Rome, Appartamento Barbo – Palazzo Venezia: "Eleonora Duse e il suo mito" (The Woman and the Myth) Phoviews and clothes (including the Crinkley Fortuny fabric) worn by La Divina. Ends July 7.

Madrid: Palacio de Cristal and Palacio Velazquez, Parque del Retiro: Span-ish sculpture 1900-36. Sculpture and drawings by Picasso, Miro and con-temporaries. The selection includes two works featured in the 1937 Paris exhibition, at the height of the Spanish Civil War, and now shown in Spain for the first time: Picasso's Femme du Vas and Julio Gonzalez's La Montserrat. Ends July 30.

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2.7. 2.3 1-

(2747775). Indrid: Sala de la Caixa de Barcelona, Velazquez 63: Salvador Dali, a retrospective of his work as an anther and illustrator of books, with 300 engravings and lithographs and 200 drawings. Ends July 16.

(431 2017). Madrid, Museo del Prado: Raphael in Signal, Museo del Prado: Raphaei in Spain. An exhibition to commemo-rate the 500th anniversary of the renaissance master's birth, includ-ing his masterpiece The Cardinal and others highlighting his influ-ence on Spanish artists. Closed Mon. Ends July 15. Barcelona: Fundacion Joan Miro: Works by 45 Eussian avant-garde

larcelona: Fundacion Joan Miro: Works by 45 Russian avant-garde artists from the Ludwig collections in Cologne, covering the period from 1919 to 1930 and including the most representative masters of neo-primitivism, constructivism and su-prematism. Ends July 7.

LONDON

The Tate Gellesy: Francis Bacon, Brit-ain's greatest living painter ac-corded the rare distinction at the corded the rare distinction at the age of 70 of a second full retrospective exhibition at the Tate, 20 years after his reputation as an artist of world standing was first put beyond all doubt. Now we see him no longer as a unique and extraordinary figurative, surrealist expressionist, but as an artist who has come at last into his own, as younger painters to his own, as younger painters have come round again to the human figure as the central, creative man figure as the central, creative preoccupation. As the subject matter is now more acceptable, so his peculiar and tormented re-invention and reconstitution of the figure no longer shocks. Ends Aug 18.

Corot to Picasso. The range of French 19th and 20th century masters as-sembled by the art merchant Robert samhled by the art merchant Robert Schmit comprises an important Degas pastel La Conversation and a Van Gogh, unusual both for technique and the theme of the Seine. On the first floor the sunshine comes in with Vuillard, Bonnard and Duffy. Picasso's Large Buste of Homme faces an equally large Braque still life. There is a dreamlike Balthus landscape and a strong blue, red and white one by De Staal. Galerie Schmit, 396 rue Saint-Honore (2603636), closed Sun and from 12am-2pm. Ends July 20. from 12am-2pm. Ends July 20.

THE ARTS

Cinema/Nigel Andrews

Rabble without a cause

Mrs Soffel, directed by Gillian Restless Natives, directed by Michael Hoffman

If it is Wimbledon forinight If it is Wimbledon formight on television, it is usually simpleton formight in the cinema. Each midsummer the sound of ball on racket is echoed by the sound of critics hitting their heads despairingly against walls in West End presented. against waits in West End pre-view theatres. Assuming shrinking audiences, distribu-tors tend to send out their most dubious movies at the end of June. This week's Holly-wood duo, Mrs Soffet and Mask, yield the aight of bigh talent famping bravely in a wold of flapping bravely in a void of content. And this week's British film Restless Notices, set in Scotland, ia void of both talent and content. being the worst film I have seen from either side of the border in recent

Mrs Soffet is one of those footproof-on-paper movies in which a good director. Australia's Gillian Armstrong (of My Brilliant Coreer) teams up with a gleaming star, Diane Keston, in a true-life tale combining action, passion and rich character conundrum. In the murky morning of this century (Keaton) elopea with an escaping prisoner (Mel Cibson) and the pal (Matthew Modine) with whom he was jailed for robbery with murder.

The three are pursued to chilliest Canada where the runaway romance is ended by a posse bearing shotguns. The men die, the woman returns to her almost hroken marriage with a completely broken jaw.

Armstrong and her camera man, fellow Australian Russell Boyd, soak the early scenes of that yeasty-sounding yarn in a fool for love.

voluptuous darkness. Deep One they hit the great outsmokey blues and blacka doora things get worse. Pursult swathe Keaton as she shuttles action and romantic idyll nergovernor's quarters, where the egg-yolk light of lamps illumine the daily meals, the daily prayers, the daily embroidery, and her Bible-reading sorties in the prison itself. As this Florence Nightingale of the hoosgow reads her devotional reams to Mr Gibson, love grows through the bars like a forbid-den creeper, enacted in rust-ling gestures, stray touches and flowering ocillades. But the grander the film's

mance by the Nash Ensemble.

It is one of those Holloway works that will no doubt delight

Wigmore Hall on Wednesday.



Cher and Sam Elliott in "Mask"

Holloway's Serenade, Nash Ensemble/Wigmore Hall

Max Loppert

likeable as the boy with face made hideous by "lionitis" (a

deforming bone diseast) who battles bravely with social ostracism, the taunts of schoolmates and the grim certainty of

TV, mini-movie style into a film with big-screen buzz and

any moment one expects queasi-

ness to set in. It never does,

quite: nor does it in the "con

from a Bibte-thumper into a vously alternate, and the audience's haffled questions outnumber the movie's answers. Why on earth, for instance, do the governor and the police assume—without the evidence we have had of prior canood-ling — that Miss K has eloped with the runaways rather than that they have taken her hostage? This is a film with no motor of credible motivation beneath the rbeinric of of its visuals, no beat of detailed

Robin Holloway's Serenade in E flat. Op 57, for 10 instruments lwind quintet and string quintet and string quintet) was given its first performance by the Nash Ensemble.

movement, which articulates a carolle, the imprint of Strauss's late 'workshop' chamber pieces lies strong upon the sequences, which unfold in 50 tush a spirit ment, raises all sorts of expecting the control of the control of

comes slightly askew—and never quite wheo or where one

ever Hell'a Angls really as nice as this?)—and the plainness pays off in some offbeat humour, some fresh naturalistic playing. But whenever Mask tries to drum deeper feelings, the feelings sound thin and thiny. Bogdanovich never makes the story resonate in the richer dimension of myth or fahle (like; far example, The Elephant Mon) and the film remains a tetevision-size problem pic with tetevision-size emotions. Restless Natires won for

Ninian Dunnett, its writer, the Lloyds Bank National Screen-Lloyds Bank National Screen-writing Competition last year: which makes one cast yet another nervous glance at the City and its soundness of judg-ment. The film aeems com-pletely bankrupt of wit, flair or originality. We follow the antics of two Edinhurgh youths (Vincent Frietl and Joe Mul-laney) who set out on a high-way robbery spree. Donning toyshop masks; they become the "Clown" and the "Wolfman." They clean the invading Yanks in their charabancs of watches, jewelry and ready cash (with in their charabancs of watches, jewelry and ready cash (with remarkably little resistance since they wield what are visibly toy guns) and are soon halled as Scotland'a higgest tourist attraction aince Roh

Bill Forsyth's wristy wit and mischtef might have spun some fun from this would-be spin-ning top atory. Under director Michael Hoffman's influence it ltes lopsided and inert amid the general toyroom carnage of

limpty winsome performances, bope-for-the-best photography and misfired slapstick.

Suburbia, a rank outsider, moves up on the inside rails to become the hest film of the week. Writer-director Penelope Spheeris puts down on acreen a group of punks, weirdees and juvenile misfits, sets them at loggerbeads (in the derelict house they have crash-souatted somewhere in L.A.) with the local police and intolerant neighbours, lights the blue touch-paper and retires to see

his own early death. Cher is feisty and lovable as his bottle-swigging, pill-popping Mum who has a heart of gold (well, platinum at least) beneath the bad habits. But there is no visual élan to pull this slim, touching ware out of made for the screen blow up into a tragicomic walpurgisnacht.

This rabble without a cause is portrayed with a hilarious mixture of the ferocious and forlows. forlorn. Who could resist the scene where they sit clustered round a glowing telly while a commercial intones, "Are you experiencing feelings of alienation or depression?" Audiences should feel neither. This is The Young Chart (Mayall rot touching yarn out of made-forbeauty, Director Peter Bogdanovich But the grander the film's trulh in Keaton's central percarity visual wrapping and amorous name, the silier it seems whenever the characters, believable emotionalism into open their mouths—as they increasingly do. We never quite believe, for all her breatheatchings and gasps and handstouching hair, in the psychological whirrings that turn Keaton strong characters and performance which might turn mannered emotionalism into believe, for all her breatheatchings and gasps and handstouching hair, in the psychological whirrings that turn Keaton strong characters and performance which might turn mannered emotionalism into believable emotion. The guides the story plainly through and such story plainly through through its sentimental marrytom paces. It has a narrative girl, bis mother's bursts of care informance in trulh in Keaton's central performance which might turn mannered emotionalism into believable emotion. The boy's cheerfulness in land of the vibrant shoestring adversity, fine love for it blind. Emovie. It has a narrative girl, bis mother's bursts of care informance with his less the story plainly through Young Ones (Mayall not lits sentimental martyrdom paces. It has a narrative girl, bis mother's bursts of care informance with his less thanks and of the vibrant shoestring adversity, fine love for it blind. Emovie. It has a narrative girl, bis mother's bursts of care information and of the vibrant shoestring adversity, fine love for it blinds. The boy's cheerfulness in lits sentimental martyrdom paces. Richard) transferred to the boy's cheerfulness in lits sentimental martyrdom paces. Richard) transferred to the boy's cheerfulness in lits sentimental martyrdom paces. Richard in the boy's cheerfulness in lits sentimental martyrdom paces. Richard in the boy's cheerfulness in lits sentimental martyrdom paces. Richard in the boy's cheerfulness in lits sentimental martyrdom paces. Richard in the boy's cheerfulness. In lits sentimental martyrdom paces. Richard in the boy's cheerfulness in lits sentimental martyrdom guides the story plainly through

Thompson, Anthonny Halstead, Colin Horton): not perfectly de-livered but immensely bracing.

'Gigi' for the

West End

The Tempest/Ludlow Castle

B. A. Young

The Tempest seemed an apt has about him a faint suggeschoice for this year's Shaketion of a successful music-hall appeare in Ludlow Castle, but at magician. He is friendlier than apeare in Ludiow Castle, but at teatime the sky miraculously cleared and by 8.30, when the theoreticat curtain rose, there was not a cloud in the sky. When Calibao chattered ahout the man in the moon, we were able to look over our left shoulders and see what he was talking ahout. Certainty the wind stayed ley but Ludiow Festival audiences are the most patient in the world and so they should be in such surroundings.

should be in such surroundings. Phillp Grout's production begins in an unfamiliar and un-

any Prospero 1 can recall; he says "My foot my tutor" as a question rather than an excta-mation. The anger in his final confrontation with his victims is the meoace of ao examining Intelligence agent.

On the other hand, he offers little affection for Ariel, who has earoed some not only from Timothy Roland'a likeable per-formance, but from his apparent formance, hut from his apparent indifference to the razor-keen air that his tenuous garments can have done little to mitigate. When Ariel, liherated at last, hops over the front of the stage and disappears among the aeating. Mr Bresslaw follows him up into the air with his eyes, and so do we. Mr Roland doea all he can with the songs, hut has hardly a strong enough gius in an unfamiliar and unwelcome, way with a ship's can have done little to mitigate.
When Ariel, liberated at last, hops over the front of the stage and disappears among the stage

looking no more than 15, 12 as attractive as ahe is clever. She and James Coombes's youthful and James Coombes's youthful Ferdinand make a pleasant pair. Mr Coomhes is another victim of the weather, for Prospero, or Pbilip Grout, or Sean Cavanagh, the designer, makes him strip to the waist to bring in the firewood, a state that no way lowers the warmth of his lovemaking,

The two clowna Stephano and The two clowns Siephano and Trinculo are given a smart Cavanagh's stage design centres polish in a notable double act hy Sylvester McCoy and Jim Norion. They make their jokes are helped hy simple visual goddesses, or the harpies disquised as a buffet-bar, or jokes — they like, for instance, to lift people up through the traps by an invisible rope round thousand twangling instruments, impinge from the great towers Catiban plays atong with them

With Miranda, Prospero box. His ragged kit is all that tion of a successful music-hall almost aeems a playmate, and ia physically monstrous about magician. He is friendller than lucky he, for Sarah-Jane Varley, him, except, apparently, his fish-

> Neapolitans, only John Clegg's gentlemanly Conzalo specially impressed me. HIs speech proposing to turn the island into a Channel Four ring to 11. Their Channel Four Ring to it. Their costumes (uncredited in the programme) suggest the late 18th or early 19th century. Mr Catiban playa atong with them surrounding the stage. It is att as if he came out of the same deeply enjoyable.

Hansel and Gretel/Polka Children's Theatre, Wimbledon

Michael Coveney

been butchered to a running time of 70 minutes at the Polka Children's Theatre in Wimbledon (still supported, I am glad to report, by Sainsbury's) and offered as a sugared plli to the under-12s. Accompanied only hy John Kember at his monotonous synthesizer, the show falls disastrously between the atools of operatic high intentions and the easy charm of the average Polka presentation.

All the recitative la done away with and the songs of the Sandman and the Dew Fairy reallocated to the Forest Trees

Humperdinek's opera has and Cretel (Vanessa Bond). Oddly enough the terrifying elements in the Grimm atory—a village on the brink of starva-tion and children vanishing in droves down by the strawberry patches on the Ilsentein Riverwent for very little in Richard Gill'a production. Even the climactic incineration of the Witcb (ptayed with a pantomime cackle by Tony Holtham) drew not a single cheer at the morning performance I attended. The audience came to life only when Hansel (Malcolm Lord) either fell off a stool or uttered the dependable expletive "pooh."

on a broomstick, the sort of effect the Polka does well. And the forest is pleasantly occupied by puppet wolves, foxes and cawing ravens. When Hansel and Gretet bed down for the night on losing aight of a receding path glimpsed in twinkling perspective, eight angelic white figures fly into the coppice in symmetrical formation.

from the pink gingerbread cot-

tage is represented by a puppet

their impoverished broom to underestimate them at least making parenta, are in the and to patronise them at most.

The witch in flight to and hands of trained singers. Harry Coghill's father, in fact, is a hooming hass who put the wind up me, let alone the children. But when it comes to children and theatre or opera, I think there should he no concessions, not that I would recommend a complete Honsel one Greek! 10 their attention anyway. An eight- or nine-year-old child is as capable of enjoying, say, A
Lore of Three Oronges or A
Midsumer Night's Dreom as he
is Forty Second Street or Storlight Express. To offer children crude anippets on the cheap is

New York Theatre/Frank Lipsius

The mensch, the mayor and odd nebbishe

At a time when terrorism and the hunt for Mengele cast a 40-year-old shadow over the news, two new off-Broadway productions give conlemporary life in New York a buoyancy that is only incidentally and yet essentially Jewish, Each bristles with bumanity and hilarity.

In Nat Moyer, playwright Herb Cardner creates an 81-year-old mensch with warmth, cbarm and inclsive wit. I'm Not Rappaport at the American
Place compounds these witues
with 2 clever plots and an
equally affable and attractive
antagonist, Midge, an old black
man loo proud to give up work as a building superintendent. Most wilers put their ambitions into story lines, but Gardner has the sense and ability to drop in a plot like a rippling stone while diverting the audience with ambitious the audience with ambitious dialogue about anything from contemporary youth to muggers ("Cossacks" like the ones who persecuted Nat's anceatora in the old country),

When Midge's building goes co-op—as contemporary a subject for New Yorkers as hijackings—the new owners in

ackings—the new owners try to fire, him only to find Nat able to put on the mantle of a rabbte-rousing lawyer and to threaten them with retribution. Judd Hirsch brings just the right batance of vigoor and stooped shoulders to the role of Nat and he is well matched hy Cleavon Little's Midge. Director Daniel Sullivan obtains maximum mileage out of small maximum mileage out of small geatures transmitted on Tony Walton's graceful design of a Central Park walkers' hridge vivid with autumn-coloured bues. Gardner, author of A Thousand Ctowns, makes the story seem like a bonus on top of his portraits of two endear-



Rita Moreno and Sally Struthers in "The Odd Couple"

The other Jewiab play is about a real person, and its major drawback is a reluctance with clever songs that are as much about the city as the man. One monologue strikes home to all the locals, with its theme of the crazy parking regulations that force New Yorkers to look ing old men who are old- for alternative side of the street

dinal O'Connor (who tries to to rely sufficiently on its sub-ject—Mayor Kocb. Based very loosely on the mayor's autohio-graphy. Mayor, at Village Gate Upstairs, is a musical revue when the mayor and bis nemesis, city council president Carol Bellamy, dine alone and separately describe each other in exactly the same terms to relatives trying to make a match of the two bachelor politi-

fasbioned the way well-constructed plays with wonderful characters, relevant themes and rewarding plots are old-fashloned.

The other Jewiab play is about a real person, and its major drawback is a reluctance of the mayor in a shown in an endeering version of his combative self, cavorting with reat estate magnates Leona and Harry Helmsley, eity compared to the major is about a real person, and its major drawback is a reluctance of the major in an eversion of The Odd Coupte cuts the heart out of one of Neil Simon's best plays. The jokes are there along with designer David Mitchell's accurate Upper West Side setting where Sally dinal O'Connor (who tries to Struthers moves in with Rita Moreno on the breakup of ber 14-year msrriage. But with poker turned into Trivial Pursuit and new dialogue built on the old plot, what was once another monument to Jewish nehhiahes capable of riging to tragedy has become in Gene Saks'a production a bland Yupple landscape with characters designed for the jokes, not the other way round.

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ture is 'ctassical'—or rather, cubist-classical(as Holloway's characteristically elegant programme note puts it). The first indusgence, and assiduously cultivated self-awareness produces a flavour entirely peculiar to thia composer'a music. In the slow movement, a Bar-

conductor Lionel Friend, at the tations the fulfilment of wbicb

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works that will no doubt delight the predisposed and infuriate the ill-disposed, for it culla a luscious, brightly-coloured assortment of the composer's various pleasures in past music, and then proceeds to arrange its chosen hlooms in an insouciant, take-it-or-leave-it manner that lends a curious fascination to the whale bouquet.

The thre-movement structure is 'ctassical'—or rather, Alan Jay Leroer and Frederick Loewe's musical sdaptation for the cinema of Colette's novel Gigi, bas been re-written as a stage musical and will open at the Lyric Theatre, Shaftesbury Avenue on Septemloway enamber compositions.
The concert, which devoted its second half to the Mozart B flat Serenade, K361, had begun with August 31. Tippett's Sontata for four borns (John Pigneguy, Michael

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ber 17 with previews from Taking leading roles will be Beryl Reld, Jean-Pierre Aumont, Sian Phillips and Geoffrey Burridge Amanda Waring as Gigi, with

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Furniture polished off

The salerooms were hyperactive yesterday, with sales geared as much towards overseas visitors here for the London season as from local buyers. Christie's euction of English furniture was aimed et the British market and did reasonahty well, with a total of £1,738,422 and 16 per cent unsold.

The main casualty was six George II side chaira which have graced houses as grand as seas visitors here for the London season as from local buyers. Christie's euction of English furniture was aimed et

Saleroom/Antony Thorncroft

the British market and did reasonabty well, with a total of £1,738,422 and 16 per cent Ditchley Park and Mereworth Castle and which sold in the same rooms in 1968 for £2.200. The vendor was looking for around £70,000, but the bidding petered out at £65,000, and they

petered out at £65,000, and they were bought in.

But a set of six George II giltwood side ihairs from the same two nouses found a huyer at £124,200 (as against £2.200 at Christie's in 1981) and a palr of George II giltwood pier tahles, whilh bad heen at Lowther Castle in Cumberland, sold for over double their estimtae at £118.000. The same buyer paid £81,000. twice forecast, for a palr of George II grey painted and parcel gilt mirrors which had been part of the Wateringhury Place sale in 1978 when they went for

1978 when they went for

In Christie's print sale Light, the American dealer, hought an albom of Dutch and Flemish

Seibu of Japan for Table Fauve hy Duxuffet.

Worka by Matta and Fontana both sold for £55.000. end the Manchester City Art Gallery paid £39,600 for "Peter C." an oil on two canvasses hy David Hockney. painted in 1961.

A First World War Victoria Cross. awarded to Drummer Bent in 1914, was bought for £12,100 in a medals euction, and a group of orders and medals awarded to Field Marshal Sir Richard Dacres made £8,800. After forty years in the army with no active service Dacres was involved in the Crimean War where he was in charges of the arilllery.

An euction of travel, atlases, maps and hooks totalled £425,678 with 15 per cent unsold. A first edition, and presentation copy. of the astronomer Tycho Brabe's major work, with contemporary colouring, realised £57,200, and a composite atlas of town plans

colouring, realised £57,200, and a composite atlas of town plans landscape enviavings and etch- and regional maps by Jollain, ings oft he 17th century, 194 in mid 17th century, made £27,500

FINANCIAL TIMES

BRACKEN HOUSE, CANNON STREET, LONDON EC4P 4BY Telegrams: Finantimo, London PS4. Telex: 8954871 Telephone: 01-248 8000

Friday June 28 1985

Clearing the financial fog

general of the Confederation of British Industry, while not exactly challenging Mr Nigel Inwson, the Chancellor, to a bare knuckles fight, showed clear exasperation with the recent thrust of Treasury thinking. British manufacturers which at best, have enjoyed a oartial recovery from the 1980-1981 alumo wili he put under severe strain, he argued, if UK real interest rates remain for much longer at 5½ per cent— higher than in sny major com-petitor country.

Mr Lawson seems equally exasperated with Sir Terence— the CBI's chief's call for a 2 percentage point cut in interest rates "for starters" has clearly hit a nerve. Industry, Mr Lawson seemed to argue on Wednesday, has never had it so good: corporate orofitability in 1984 was the highest ever recorded. The corporate sec-ter is running a £10hn surplus. If companies are worried about costs, then rather than whingeing about high interest rates, they should allow down the rate of growth of earnings, now running at 9 per cent in the private sector, and give the unemployed some hope of work.

In truth, the corporate sector's health is harder to gauge than either Mr Lawson or Sir Terence might care to admit. The Chancellor is stretching the facts when he claims that profitability is at an all-time high. A Bank of England analysis published this week shows this is only true if the enormous impact of North Sea profits is included, Non-oil companies are earning a resl return of 6-7 per cent—roughly the rate esrned during the Hesley/Callaghan recovery of 1977-78 and a far cry from the real returns of 10-12 per cent enjoyed in the 1960s, Sir Terence could fairly argue that while the hulk of companies have seen a recovery in profits, there is still some way to go.

The notice that most British companies are swash with buge financial surpluses is also probsbly a fiction. Both Bank and Treasury officials coocede that a financial fog has desceoded over the corporate sector. The latest figures may suggest an aggregate surplus of £10m but higher share of overseas they also reveal a gaping markets would be a direct route £10bn hole left by errors, omisto higher employment.

CAPTAINS of industry and Conservative chancellors are supposed to rub along together quite nicely—at least that is the theory. Yet this week, Sir Terence Beckett, the directorgeneral of the Confederation of weight is being given to lossmaking companies and/or to small companies which are perhaps less profitable than the sverage." Alteroatively, the Bank suggests, companies may be investing more overseas or at home than the official figures imply.

But the most ohvious implication of a simultaneous build-uo of liquid assets and bank borrowing when overall profits are huoyant, is that individual companies and sectors are experiencing, as the Bank puts it, "widely different economic circumstances." In the last two years, for example, the net liquidity of manufacturing companies has fallen very sharply.
Thus, while some companies
enjoy the security of large cash
mountains, others may be
excessively geared as they
attempt to finance expansion after hte recession. In spite of the macro figures, Sir Terence may thus be quite justified in worrying about the impact of 5‡ per cent real interest rates. Justified

Mr Lawson might accept this hut his real worry is that high pay awards threaten his attempts to reduce both inflation and unemployment. How-ever, while the Chancellor is fully justified in his efforts to talk down the going rate of pay settlements, be would be on thin ice if he went further. Politicisns and officials must accept that in the last analysis management on the ground is the best judge of what companies can or should afford. The fact that remains that, after a long de-cline , the share of profits in GDP is now rising; the Bank's figures suggest profits have risen roughly four times as fast as income from employment in the past four years. Practical businessmen recognise there is a limit to the rate at which owners of companies can gain

at the expense of employees—
and it may have been reached.
To encourage job creation,
Mr Lawson could stress that a
buge gap, by historical standards, seems to have opened up
between companies' retained profits and their investment. On average. British industry could be investing much more than It now seems willing to contemplate: higher investment and a

Italy: so far, so good

ITALY is in a better position with the less savoury side of than for many a year to sort Italian political life. But the out its chronic economic and significance of his election political ills. The open questranscends the merely personal tion is whether the country's It provides evidence of an unleadership will make the best usual consensus not only among

sation for Economic Co-opera-tion and Development. It records that growth resumed sion last year and that the iofiation MSL rate has come down. But equally it points to the negative side. Inflation is still too strong for Italian competitiveness. The general government borrowing requirement, at 13} per cent of gross domestic product, is too high.

Closely linked to that, a wasteful pensions and welfare system is crying out for reform. A large state-controlled sector of Italian industry has been pampered with subsidies. It has also provided vehicles for much undesirable political patronage.
Yet on the other side of the
industrial ledger, several of the
leading private Italian conceros have recovered from a bad speil in the late 1970s and early 1980s. Fiat, having won s con-frontation with fractious unions which eventually forfeited the support of the workforce, is performing strongly. Olivetti has come out of the cold.

On the political side, much of Italy's recovery la associated with Sig Sandro Pertini, who is about to retire as President after having completed his seven-year term. Sig Pertini, with his reputation for straightforwardness and plain dealing has done much to restore some public respect for Italian public institutions. It is not an easy thing to do in a country whose people have a notorious suspicion of all those in political authority.

dent Pertini's successor. Sig of restoring the standing of the Francesco Cossiga, was elected state among its own citizens provided further evidence that remains to be done. The next things in Rome are not as bopeless as they once seemed to be. The endless wrangling which to come to grips with these accompanied most previous pre- tasks. That opportunity ought sidential election had made the not to be dissipated by a return | On the day that the Bank of

use of this opportunity.

Progress msde in the christian Domocrats via the economic sphere is noted in the report on the Itslian economy published today by the Organitation of the Companies of munist opposition. The only significant (and welcome) omission is that of the neo-fascist

Maturity

There was none of the infighting which might so easily have wrecked the coalition Government of Sig Bettino Craxi, the Socialist Prime Minister in office since August 1983, almost a record tenure. Constitutional propriety will require bim to resign when Sig Cossiga comes in to re-form his Government. The Christian Democrats are expected to in-crease their influence in the cabinet which should contribute towards stability. They are, after all the largest party and made progress in the regional elections of this spring. The danger is that they might be temoted to overplay their hand. Not only the behaviour of the politicians provides evidence that Italy may have turned over a new leaf. The electorate showed remarkable maturity when, in the recent referendum, it turned down a Communist proposal to restore full wage indexing. That amounted to

indexing. That amounted to voting against an immediate wage rise.

The police have made unprecedented progress in the battle against the Mafia in Sicily, though the snake has only been scotched, not killed. A lasting success against the Mafia and similar organisations of violence and corruption would make an enormous conwould make an enormous contribulion towards curing many

authority.

The almost unorecedented smoothness with which President President State of State important elections are due in 1988, leaving almost three years

T FIRST GLANCE, it looks like a revolution.

European managements are bending themselves and their workforces into new, more flexible forms of thinking and working in an effort to improve labour efficiency. An emerging breed of multi-skilled superworkers trained to operate and maintain automated

operate and maintain automated equipment at plants like Peugeot in Mulhouse and Poissy, SKF in Gothenburg, BMW in Munich, and Esso Chemicals in Mossmorran, prides itself in being up with the world'a best.

Employers like Philips at Roulers, West Flanders, are devising shift patterns to extend

Roulers, West Flanders, are de-vising shift patterns to extend the operating sime of expensive capital equipment. Rank Xerox in the UK has ploneered "net-working"—in which employees leave the staff and turn them-selves into limited companies, selling their services to RX and other customers. other customers.

other customers.

The sheer number of topics on company agendas looks revolutionary: multi-skilling, training, flexible working time, parti-time and temporary work, subcontracting, homeworking, communications and employee involvement musical control. involvement, quality control, performance-related pay, profisharing, blue- and white-collar harmonisation, and decentralisation of management structures and collective bargaining.

The reality, of course, is less radical. The hopeful sign is that managements are talking about these issues. But actual progress is patchy, many of the changes are in their infancy, changes are in their mrancy, and much of Europe remains dogged by a sense of inferiority against Japan, the U.S., and lower-wage but increasingly productive Third World com-

A growing number of companies is at least geeting to first base: the realisation that first base: the realisation that labour efficiency is a management problem. Those who oin their hopes on a transformation of employee attitudes or government moves to unshackle labour markets will soon go to the

"We have to live with the labour laws as they are," says M Henri Debukser, international personnel director at Rank Xerox. "I can't be happy with any rigid system, but we are a

any rigid system, but we are a multinational and we can't change these things."

He warns: "Flexibility is not management doing what it wants, when it wants, where it wants with the workforce. It's an attitude of mind in s corporation. Management itself must be mentally derible." mentally flexible."

RY has had failures and

successes: problems in Italy in successes: pronums in hary in turning service engineers into salesmen, so displaced workers from refurbishment plants could become service engineers; but success at a Dutch plant in dealing with an overstaffed administration by redeploying 470 people so that a draughtsman, for instance, would be-come a quality inspector,

EUROPEAN LABOUR FLEXIBILITY

It's a revolution of sorts

By Brian Groom, Labour Staff



Union confrontation European style (left and right) . . . meanwhile in Japan.

quality and sales networks. The contribution of workforce flexi-bility, as ever, is hard to quantify — it is an enabling

element.

The director of a British fibres company said: "Where unit pack failures stop a machine our guys think they're doing well if there were only 28 stoppages this week, compared to 30 last week. But they are measuring themselves against the wrong standards. They have zero unit pack failures in Japan."

He does not blame the work.

He does not blame the workers. Productivity, he says, is a management issue because management sets the standards, just as traditional shopfloor demarcations are encouraged hy demarcations at the top, for instance between engineering, technical and production directors. Managers set standards for quality, too. for quality, too.

More companies are realising

that doing simple things well is crucial. In Sweden, SKF, the multinational hallbearing group. multinational hallbearing group. has halved resorting times on machines — "basically," says Mr Stallan Andreason, executiva director of SKF Norden. "by planning and being smart, ensuring that all your hand tools are there so you don't have to run and find them during the resetting."

Doing simple things badly is a major British problem. A tween different skilled trades —

a major British problem. A recent article lo the National Institute Economic Review compared 45 British and German manufacturing plants with similer machinery and menning levels, and found the German labour productivity 63 per cent bigher — mainly because of the low technical competence of British managers and workers, which led to frequency machine.

supervision and work organisation). German oroduction man-agers were normally graduate engineers, whereas in Britain they were usually people who

CAN EUROPE CATCH UP?

tween different skilled trades are breaking down in the face of new technology, but only The problem has never existed to the same extent elsewhere in Europe, but changing job definitions can still present a challenge. Proposals by SAS, the Swedish airline, to have checkin counters staffed by ad-

both operate and repair robots.
"It's just beginning," he explains. "We are trying but we are too lata to catch the Japanese."

How can Europe improve the level of competence and skills? Several companies are looking towards the flexibility which the big Japanese manufac-turers achieve while providing lifetime employment for their "core" workers.

Daf Trucks of the Netherlands introduced an aversge 36-hour week two years are in preference to sacking 800 workers for the first time in its history. It believes dismissals are expensive, disturb internal relations, and are inappropriate to European culture. The 5,500 workers had to for-

go pay rises, and have accepted different deily hours for manual workers and staff so that Dat does not lose productive time. Dat raised spending on training to 21 per cent of payroll and moved towards group working, giving teams of workers discretion over things like control of materials supply and covering for absence.

Absenteeism has dropped from 16 to 5.5 per cent in four years. But though Daf does not yet face direct Japanese competition, it knows its annual 4 per cent productivity improvement is below the 6-7 per cent achieved by Japenese manufac-turers. "We bave to speed-up and we will," says Mr Frank Sweens, board member.

Thorn EMI Ferguson, the UK television maker, surveyed

counterparts, who nearly all had the higher certificate of Meising industrial group, says some ter (this involves technical plants are moving towards a skills and proficiency in staff system wherehy workers can more subcontracting, using more subcontracting, using short-term contract workers at peak times, and diversifying the product mix in factories to protect the permanent workera from sudden slumps in work-

> Mr Jim Donovan, personnel director, claims. Ferguson has made "reasonably significant progress." Other moves include harmonising the conditions of manual workers and staff, strengthening communications hriefings, and moving towards multi-skilling, for instance, by training fitters in electrical work

Some unions and academics see a conflict between moves hy governments to ease dis-missal laws, and by hig companies towards job security. But the two developments are not necessarily contradictory. It is small companies which claim they need easier hiring snd firing, while bigger ones usber in a Japanese-style, two-tier system of secure "core" system of secure "core" workers and low-paid, less-skilled peripheral ones, often temporary or part-time.

Skill shortages in Britain, France, the Netherlands, Sweden and elsewhere highlight perhaps the most crucial issue facing European industry—training. There are even some shortages in Germany, where the "dual system" of elsestrom and as the best for the system. classroom and on-the-job train-lng remains the envy of Europe, despite problems over the speed despite problems over the speed of its response to changing

Some improvements are now "The biggest job we hav a is not with manual workers but with manual workers but with manual workers but with the manager who is going with the manager who is going to employ him. He may have attention to quality control.

Somed inflexible habits," says in Debuisser. RX has improved lecked any formal qualifications, production costs, product were inferior to their German senior vice-president of St.

The biggest job we hav a is which led to frequent machine ministrators at peak hours in Japan in 1982 and 10ung in the formal opening in though its technology was competitive, there was much learn about burnan relations. Hiring permanent workers at peak hours in though its technology was competitive, there was much learn about burnan relations. British foremen, who mostly lacked any formal qualifications, product were inferior to their German senior vice-president of St.

The biggest job we hav a is which led to frequent machine ministrators at peak hours in though its technology was competitive, there was much learn about burnan relations. Hiring permanent workers at peak hours in though its technology was competitive, there was much learn about burnan relations. Hiring permanent workers at peak hours in though its technology was competitive, there was much learn about burnan relations. Hiring permanent workers at peak hours in though its technology was competitive, there was much learn about burnan relations. Hiring permanent workers at peak hours in though its technology was competitive, there was much learn about burnan relations. Hiring permanent workers at peak hours in though its technology was competitive, there was much learn about burnan relations. Hiring permanent workers at peak hours in though its technology was competitive, there was much learn about burnan relations.

There is no room for competitive, there was much learn about burnan relations.

There is no room for competitive, there was much learn about burnan relations.

There is no room for competitive, there was much learn about burnan relation

provide more training. But there is a long way to go. Small and medium-sized French companies, for instance, are lagging well behind

Employers complain that youth pay rates, often set hy law, are higher in most countries than in Germany—but countries than in Germany—but sometimes this becomes an excuse for doing nothing. Japanese companies spend up to 4 or 5 per cent of sales on incompany training compared with less than 0.5 per cent at most UK companies. U.S. employers spend five times the average amount spent in Britain

Employee involvement, quality circles, and communications are areas in which a growing number of companies are trying to win greater commitment from their workforces. UK companies are hriefing employees on business aims in faceto-face meetings. French employers are increasingly using direct communications to supplement the statutory consultative bodies—a technique they see more as a means for they see more as a means for resolving conflicts than for get-

resolving conflicts than for get-ting their message across.

The "quality of working life" school, which holds that improv-ing the job satisfaction of wor-kers is a better ronte to new forms of work organisation— based on the premise that im-proving joh satisfaction is a better route to efficiency than horing, repetitive work—probboring, repetitive work-prob-ably still cover only a small proportion of workers, except perhaps in Sweden.

More companies are developing wage systems relating pay to performance criteria lika quality and skills rather than the traditional crude output bonuses. There is some interest in profit-sharing. But European employers bave nothing like the amount of flexibility provided by the Japanese bonus system, which makes up 30 per cent of a worker's earnings.

Working time is being widely reorganised across Europe. Tha settlement of last year's metalworkers' dispute, for example, allowed German companies some flexibility here. At Slemens in Munich, a key group of 100 prefabrication workers is working shifts of six days a week, with every fourth week off, to make enough parts to allow the other 2500 workers also the other 2500 workers also a fall with the other control of the 2,500 workers keep up full production.

Many engineering employers, Many engineering employers, bowever, may not be making full use of their ability to vary weekly hours between 37 and 40. It is just a start, they say, when bours were cut two years ago in the Netherlands, only 50 per cent of companies were able to reorganise working patterns well enough not to lose operating time.

A resulttion of sorts is going

A revolution of sorts is going on in Europe. The world of work is changing faster than for decades. But it is doubtful under way, such as Britain's whether this is happening fast

Ombudsman for banking

Tucked among the financial jobs column this week is an unusual employment opportunity - that of banking ombudsman

Seventeen UK hanks agreed in February to create the office of an ombudsman for the industry—along the lines of the independent arbiters already established for parliament, local government and the health service — to deal with the rising tide of complaints from banking

The banks are advertising for someone to fill the post because, according to the Committee of London Clearing Bankers, "we want to he sure that this is all open and above board."

With the same object in mind, and idease with significant are candidates with significant pre-vious connections with the bank-ing industry will be precinded.

The ombudsman will he responsible not to the hanks, but to an independent council consisting of two people representing the public interest, two the banks, and an independent chairman. The council will also appoint

the ombudsman. But since the council itself will not be set up until the autumn, beadhunters Tyzack and Partners bave been asked to prepara a short list in the meantime.

The advertisement invites

applications from men or women (or even nominations) "with a strong legal background and the authority and personal stature successfully to achieve settlements in issues of widely differing degrees of complexity in s position of high public exposure."
"Maturity," it adds, "will be

an asset." Salary is not being mentioned at this etage but the banks have said they are prepared to pay the rate for the job, whatever that may be.

Wishful thinking

politicians a laughing stock. to unproductive battles for Sig Cossiga's personal reputation also contrasts favourably cal advantage.

England issued another stern cessions, Alberta's economy is has also been shown by the warning on the outlook for picking up smartly in the face king of Morocco but the tricky prices, the Government's of weak oil and gas markets problem of programme rights

Men and Matters

National Savings department seemed blissfully unaware of the inflationary risks of higher pay awards.

Marketing its new issue of index - linked certificates — designed to protect your cash against rising prices — the department highlighted a new feature which it expects to boost their appeal to investors. The Government is now

promising that if prices start to fall—yes, fall rather than rise less quickly—holders of the certificates will not find their capital reduced by a corresponding amount. ponding amount.

Even Mrs Thatcher is not that optimistic.

King Peter Lougheed, Peter retiring

Premier of the Canadian pro-vince of Alberta, is unlikely to keep a low orofile when he leaves "the best job in the world" for the private sector.

Known as "King Peter,"

Lougheed has been western Canada's most powerful voice In national politics since taking over as leader of oil-rich Alberta 14 years ago. He spearheaded opposition to the now defunct energy policies of the Trudeau government in Ottawa and played a key role in securing the provinces' agreement (with the exception of Quebec)

tutioo, adopted in 1981. Lougheed has cannily used Alberta's oil and gas wealth both as a lever in national politics and to strengthen the province's own economy. The bulging C\$14bo Heritage Fund has provided sparsely populated Alberta with an enviable array of social and educational

to the revised Canadian consti-

Thanks to numerous tax con-



"If it's not one of ours maybe it's from the Bank of England."

elsewhere in the world. No wonder Lougheed's Conserva-tives hold 75 of the 79 seats in the proviocial legislature—up from zero when King Peter became party leader 20 years

Sky's the limit

The andience profile for Rupert Murdoch's general entertainment Sky Channel has risen markedly. A satellite receiving dish has heen installed at the Zarzuela Palace in Madrid and King Juan Carlos, an enthusiast for that sant of thing is reported to be sort of thing, is reported to be enjoying the Sky brand of light eotertainment.
The Royal housebold is one of 3.6m cabled bomes in Europe

which can now switch on to Sky. Some interest in the channel cessions, Alberta's economy is has also been shown by the picking up smartly in the face King of Morocco but the tricky

for North Africa has yet to be sorted out. There is no sign of a satellite dish on Buckingham Palace. But Lord Romsey, a director of Sky, is a friend of Prince Charles. So you never know....

Watch this space New Zealand bas found another

tourist attraction to add to its boiling mndpools and steaming

Next year when Halley's Comet reappears in the skies after 75 years, New Zealand will be one of the best countries from which to view it. Hundreds of U.S. and Canadian tourists are already

booking \$2,700 comet-watching booking \$2,700 comet-watching holidays there—a package deal which includes the services of an astronomer. One travel agency alone has had 1,400 ioquiries. Prime viewing sites near Queenstown and Blenbeim are being staked out. But many tourists have booked camper-

vans or chartered yachts so they can watch the comet well away from the distractions of city lights.

Marking time The Soviet Union has closed the technology gap with the West according to a story from

Ivan is trudging across Red Square with two heavy suitcases when his friend Sasha stopa him to ask the time. Ivan rests the cases and looks at his watch. "Three o'clock in Moscow, comrade. Two o'clock in Helsinki, 7.00 am in New York, 9.00 pm in Tokyo. Wind west-south-west, and it should be a fine weekend."
" Gosh," says Sasha, " I didn't

know you could buy those fancy Japanese walches here." What d'you mean, Japanese? This is a Soviet wstch. I've just bought it from GUM."

"Kolossal. I must get one."
"You should," says Ivan, as be picks up his two suitcases. "But I warn you, these batteries don't half weigh you down."

Observer

66 Our new technology has projected us into the space age 99

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DUSSELDORF lan Ferguson, Schlossparkstrasse 3, 4000 Dusseldori 13. Tel: (211) 719011 · Tlx 17211 4082 THERE is a curious idea in the air that the Conservative Party might win the by-election in Brecon and Radnor next Thursday. Mr Crasley Onslow, for example, the cholman of the party's 1922 Committee, who has his vote in the constituency, thinks that Tory support has not fallen away nearly ss much as might have been expected.

There are others with a good political nosc who know the place well and think much the place well and think much the same thing. A Tory MP for a neighbouring Welsh constituency says: "Yes, but please don't write it until after the weekend because anything might happen between now snd then." As Indeed It might. Nobody knows what the headlines in the next few daya are going to be. There is the summit meeting of the European Community in Milan, for instance; there will be also public opinion polls about Brecon and Radnor. Brecon snd Radnor.

It is an odd constituency: one of the largest in Britain, but with one of the smallest electorates. The people are all spread out. That is one reason why it is so difficult to tell how they will rote.

why it is so difficult to tell how they will vote.

Yet, on the face of it, it ought to be a cinch for the Alliance. It is the first by-election this year. The Government is in mid-term and doing none too well. The local result in the general election of 1983 was Torles 48.2 per cent, Labour 25 per cent and the Alliance 24.4 per cent.

That is very similar to Portsmouth South, which the Alliance picked up quite easily in a by-election just over o year

in a by-election just over o year ago. It is also quite similar to the result in Stafford which the Alliance could bave won in the by-election of May last year, if only it bad tried harder.

The conventional pattern has been that the Alliance mobilises all its support, os the Liberals used to do before it, attracts disaffected Tories, probably benefits from a relatively low turn-out and the Labour vote, except in inner cities, continues to decline. Brecon and Radnor ought to be a replica. It is very interesting that hardly onyone is yet sure that it will

A Labour victory would be stunning. The Labour Party bas not gained a seat in o by-election in the past decade apart from Birmingham Northfield in October 1982. Oddly enough, it was the norrowness of the Labour majority there that persuaded Mr Cecil Parkinson, the then chairman of the Conservative Party, to press—initially against Mrs Thatcher's in the autumn the substitute of the net general election when there are at least two years to go would have to be initially against Mrs Thatcher's conferences in the autumn wishes — for an early general conferences election in 1983. Labour then lost Northfield. Yet a win for there is unlike Labour now in Brecon and by-election Radnor, with the Government November.

POLITICS TODAY



Candidates in Brecon and Radnor (from left): Richard Livsey, Chris Butler and Richard Willey.

Time for a fixed-term **Parliament**

By Malcolm Rutherford

in mld-term and the political conference season approaching, could bave a marvellous effect on the Party's morale.

A defeat for the Alliance would be quite crushing, even if it were a fairly narrow one. It would eballenge the idea that at least in rural, southern or suburban by allegions with the suburban by-elections, with the Tories in office, the Alliance carries all before it. If the Alliance were to come third, people would have to start reassessing their ideas about political realignment. A Conservotive victory would

be rather fun. It would make people think. All those suggestions about a hung Parliament two or three years on, the premsture talk about the result conferences in the autumn somewbat different, too, for there is unlikely to be another

And yet a Conservative victory ought to be quite properly on the cards. The properly on the cards. The Party did, after all, win nearly 50 per cent of the vote in Brecon and Radnor in the general election. Nothing much has changed cataclysmically since. The Government looks a little the worse for wear and the Johan Party has an attract. the Labour Party has an attractive new leader, but the opposition is still divided—thereby giving the Tories the best weapon they have—and shows no signs of coming together. Thus a Tory win, probably with a reduced materity and with a a reduced majority and with a lower turn-out, ought to be the most natural result in the world. It would reflect reality:

not with enthusiasm perbaps, but st least reality. The trouble is that by-elec-tions bave become a distorted and distorting feature of British politics. There used to be lots of them so that it was a kind of continuous process. Between the end of the first and the beginning of the second world

and the left trains

war there was an average of 18 a year. Between 1945-1970 the average was down to 11. blues, calls for a change of course, better presentation, new party chairman and so on. On Between 1970-1984 it fell to six. whole Governments want to There is another way of pnt-ing it. In the (not so) old days the composition of a Parliament avoid them. The only compensa-tions is when they turn out to be useful in testing the political tended to change as its life went on. The absence of a general election during the Second World War affects the figures, weather before a general election: Birmiogham Northfield, for instance, or Hull North under Prime Minister Wilson.

but it is still striking that between 1918 and 1970 each There are one or two other explonations. Not so long ago a by-election would be caused by an MP being sent off to become Governor of the Sey-Parliament by the time it wss dissolved bad an overage of 53 members who bad come in al by-elections. In Mrs Thatcher's first term, which ran for four years, there were only 20 members who had not been there chelles or somewhere or to run the Port of London Authority. Such posts are no longer so readily available.

It was also one of the political rewards to be elevated to the House of Lords. Nowadays MPs bave to make do with a knighthood if they are lucky and relegation to the backbenches if they are not. Even Lord Whitelaw's nominally safe Conservative seat of Penrith most obvious one is that byelections have come to be considered dangerous by the
governing party. (It is not just
the Tories.) They lead to
Orpingtons, Ashfields, even
perhaps to Brecon and Radnor,
bad headlines, charges of
electoral volatility, mid-term Conservative seat of Penrith and the Borders was very nearly lost to the Alliance when he

Breaking new ground

went to the upper house after the last general election which bad taken place only a few which had taken place only a months before the by-election. All that amounts to a con-siderable, if not widely noticed, constitutional change: on the whole, for the worse.

There are fewer by-elections; therefore more attention it attached to them. The continuum has gone out of politics. People take them deadly seriously: "minders" looking after candidates, all sorts of officials looking on from Central Office and so on. It is bard to imagine a by-election on a single issue like Munich in 1938 or (say) the famine in Ethiopla today. the famine in Ethiopla today.

One oddlty is that it does not resily matter very much, except at the time. The majority of seats lost at by-elections revert to the original party at the next general election.

The fall in the number of by-The ISII in the number of byelections has had another unfortunate effect. Not only bas
the fun gone; it has led to s
certain ossification in Parliament. There was already a
trend for people to become
more and more career MPs,
doing what the Whips tell them
and honing for advancement and hoping for advancement.
The absence of by-elections
makes it much harder for someone to change their minds or
their career in mid-course.

The new practice might be easier to defeod if it bad been deliberately designed. It bas not. The only other constitutional The only other constitutional ebange that bss gone alongside it, and even that by accident, has been the development of hereditary peers. That too, has turned out to be s kind of ossification, for where does reform go from there? Hardly anyone talks any more shout further changes in the Lords.

One answer might be to go hsck to the old days where by-elections were two a penny and created a great deol of innocent excitement. It was not of too much moment whot bappened in Brecon and Radnor because there would be another test somewhere else in three weeks

Another might be to go over Another might be to go over to something like the West German system which dispenses with by-elections altogether. That, or the American which allows for the natural process of change by mid-term elections. Indeed the more one thinks about it, the more one becomes convinced that the best becomes convinced that the best cure for the premature elec-tionitis that bas come to dominate this summer is not proportional representation but fixed-term Parliaments, At least everyone would know where they are. Who knows? They might even bring a measure of

Lombard

Seat-of-pants socialism

By John Lloyd

The signs are that he is baving more success in these quarters than hitherto: Prag-maTism, his philosophical system
which, he claims, should inform
every area of one's life, has
scquired a flavour of the month
status in Left-wing circles
which had regarded it with some
disfavour. disfavour.
All of this is billed as a

"Boost for Kinnork"—ooe of assertion of collectivist values
Prag's most successful converts against the individualist ones
—since his success depends on which they believe have run large amounts of this philorampant over thet past balfsince his success depends on large amounts of this philosophical balm covering most areas of policy. But it poses some fomiliar problems.

some fomiliar problems.

First, there are limits to Prag's system, most ohviously In not being a system at all, but rather sn intelligent response to events. If it is to survive, inspire and flourish, it must depend on a vision of society and, in particular, of the economy on which it can elaborate Prag-type policies which "you know make sense."

It is still the case that while the Prime Minister and Mr Arthur Scargill have visions of society, the area belween them has yet to produce a coherent alternative which excltes the

has yet to produce a coherent alternative which excites the mind and the political fibres alike. Within the Labour movement in particular, there is something of s hole where the democratic sociallst, or social-democratic, vision should be.

Becsuse of that, it is impossible to judge if the various nods or leaps in Prag's direction over receot weeks are tion over receot weeks are simply tactical retreats in order to sdysnee later, or changes of view: It is likely that those moving in these directions do
not know themselves. Until a
real system is put in place
which can command allegiance
which can command allegiance
real system is put in place
which can command allegiance make sense, opportunism (which is what people call Prag's system when they are being rude) is enforced.

THAT old guru, Prag-ma-Tik, bas been doing bis rounds of the union conferences, bending sn ear bere, talking to a small group there.

The signs are that he is baying more expression there over the conference of Prag, and astonish even him in the enthusiasm with which they have espoused his teachings. This raises the interesting ques-tion of why they still call them-selves Communists; but more importantly, what do they, and

the rest of the "sensible left," want? The quick answer is a redozen years. But beneath that, there is considerable doubt as to wether such a reassertion would strike enough ersponsive chords. A recent survey of unions, for example, showed that while most of them still supported nationalised industries many recognised they were

ries, many recognised they were ries, many recognised they were not popular.

Fundamentalists of the left, which has as little to do with Prag as possible and relies instead on the belief that things will get so had, or be seen to get so bad, that support will in lime come to them, retsins slittle virtues of purity and principle. Many even on the left ciple. Many, even on the left, presently find it difficult to accept that Mr Sesrgill is a man of principle, but be is, and bis star may rise again.

Itis the more likely to do so where no counter exists within the left except overt or covert liaisons with Prag in order to shape up for the electorate at a time when Labour looks electshle once more. The Eurocommunist current in the Commu-nist Party, important because it has stimulated similar currents in the Labour Party and the

Attempts to formulate a late because it can be interpreted to 20th century version of demo-make sense, opportunism cratic socialism — Tony cratic socialism — Tony Crosland's "Future of Socialism" revisited — get Prag twitching with irritation; opinion is cheap, he will say, being rude) is enforced.

The spllt within the Communist Party points up this dilemma for the Labour movement. The "hard liners"— but election campaigns are expensive, so let's get on with the job. But the modern Conservative Party did not get where it fallen foul of a hard disciplinary line imposed by the executive—remoin faithful to a Labour movement could learn socialist fundamentalism of a trick or two from that.

Exhaust emission

control From Mr R. W. Wheeler Sir,-Your reports on the controls give me a feeling of deja-vu having been involved

in the U.S. counterpart of these events in the mid-1970s. Then as now the industry stalled and prevaricated, showing little concern for air quality. They promised super-clean engines in X years' time if only the Government would go away and stop worrying them. For its part the Government pitched its exhaust entissions limits unreasonably low and was forced to give the industry waivers while they developed the three-way calalyst system. Over there all this is history and hardly mentioned. The cost was lost in the usual initalion

ary increases in car prices, as it will be in Europe. The major beneficiaries were the Japanese who, instead of squealing, did their homework and came up with clean cars in double-quick

One vital point about which the European Commissioners are being very coy concerns the exhaust emissions test drive cycle on the chassis dyna-mometers. The I.S. test cycle goes from 14-57 mph to cover the legal speed limit of 55 mph; il has some hard accelerations and makes engines work hard. The present EEC test cycle goes from 0-8t mph with only soft accelerations. Because of the low speed rance a designer can quite legally switch his engine to a rich high-power mixture from 32 niph upward and let exhaust entissions rip; they

simply are not measured. This disparity in speed ranges makes emissions comparisons between the two cycles a waste of time and meaningless.

The EEC cycle bas been a

aute cynical featherbed for the European industry resulting in its technical incompetence in the pollution Issue. It should be dropped in favaur of a version of the U.S. Federal cycle but since we have speed limits of 70 mph upwards it should have some high-speed elements incorporated in it. Then and only then can emissions limits be discussed on the basis of exist-

ing car technology and on clean air requirements.

Lean Burn, that scruffy old American rabbit which some companies have dragged out of the hat has been toyed with in the past but has always given cars with poor driveability which stumble and stall par-icularly after some mileage accumulation. If we ever get such ears, garages and home tuners will soon tweak the misture back to normat and make them run properly.

This whole muddle is quite

Letters to the Editor

altitude. Clean-air enthusiasts, and

remember we all breathe 150 tons or so of the stuff in a lifetime, should be on their guard against an elaborate "fix" on beholf of a reactionary car industry, dedicated to a lethal car performance race and which because it cannot compete with Japan in world mar-kets wants to turn Europe into a closed zone where it can indulge its old-world fancies. 19 Nevill Road

Rottingdean, Brighton

Applying for shares

From Mr A. V. Drew.

Sir.—The genuine small investor would have o much better chance to obtain nev issues if it was not for the pro-fessional stags who overwhelm the issue with multiple applica-tions. I have seen them at the issuing office between 9.30 am and 10 sm on the closing day with literally suitcases of mul-tiple applications which they tip onto the pile and ensure that they win the ensuing ballot many times over. To prevent this unfair approach

applications should only be accepted by post, thus ensuring that the professional stag—like the small investor—must make up his mind about the issue two to three days ahead to catch the past and be subject to last minute market sentiment changes. The post office will have every opportunity to sell more first-class stamps to the professional stag and subject the many spplications to late delivery which the small investor endures as a matter of

course. A. V. Drew. 13. The Holdings, Hatfield Herts.

Supervision in banking

From Mr J. L. Songster Sir,-Total success in bank-

sir,—10tal success in bank-ing supervision is reserved for those with perfect hindsight. More formal systems of inspec-tion have not saved Continental Illinois and countless other banks in the U.S. from disaster

ture back to normat and make them run properly.

This whole muddle is quite inexensable in the light of American experience and betokens 2 great deal of til-will and ignorance of clean air

technology on all sides. Of the volume est makers only Volks-wagen seems to have a realistic pealed a much more serious mistake within six months, precipitating two sterling crises. May we look for him to occept a "reshuffling" soon?

J. L. Sangster. Mole End, High Molewood. Hertford.

Losing sense on translation

From Mr N. H. G. Armstrong-Flemming

Sir,-Lex, in the course of bis article, (June 19), stoted explicitly that it, "suited companies to use end period exchange rates," and by implication, that the relevant U.K. secounting standard (SSAP 20) ollowed this practice.

In fact it should have been mode apparent that the article was concerned with the financial statements of corporste groups which contained one or more overseas subsidiaries and not with the reports of indivi-dual companies. The standard leaves to the discretion of the directors of corporate groups the accounting principles to be used in the preparation of consolidated accounts because one method is not considered appro priate in every situation. Provided full disclosure is made of the accounting principles used Lex should have no cause for concern even in a far from "ideal world."

Individual companies, on the other hand, are expected to translate foreign revenue and costs at the rate "in operation on the date on which the trans on the date on which the trans-action occurred; if the rates do not fluctuate significantly an sverage rate for a period may be used as an approximation." I venture to suggest that in an ideal world there would be no need for statements of

no need for statements of standard accounting practice for one would be able to rely on the financial statements being true and fair but, since we have not yet reached utopla, the Institute sets ont standards which allow some discretion. Perhaps the true sadness is that the U.S. committee cannot do the same.

N. H. G. Armstrong-Flemming. Ingram and Flemming, Winchmore, Chalk Lane, East Horsley, Surrey.

Efficient market theory

From Mr D. Turgoose Sir,—The argument concerning the Efficient Market Theory (which is only a null hypothesis) drags on. It could be settled very quickly by its opponents.
Together with "chartists,"

We all know the reasons. The

most obvious one is that by-

at the start.

"technical analysts," palmists and astrologers, the burden of It is they who claim to have discovered some Law of Nature of will consistently produce better-than-random results. Let us see the data, the statistics, the evidence. I am sure that very nearly every one of your readers would be keenly inlerested.

The response (if any) will donbtless come from extremely wealthy individuals, for it requires only a tiny but consistent improvement over randomness for its repeated and cumulative effectiveness to lead to untole riches within a few years.

D. Turgoose, 28, Lister Gate, Nottingham.

Scottish pound notes

From Ms B. Davies Sir, — Since the Royal Bank of Scotland is to trade in Eng-land in place of the Willioms and Glyn's branches, it is to be

and Glyn's branches, it is to be boped that Royal Bank's one pound notes will be issued over the counters to enable custo-mers to retain the advantage of a pound note over the pound coin, the currency to which all other English banks will be restricted.

I am sure this would be a good selling point to the Royal Bank, as my experience in running a retail business both in England and Scotland confirms that there is a continuing re-sistance to the coin and that most people would welcome the retention of the note.

As a customer of the Royal Bank in Scotland, I am seriously considering issuing as change a supply of Scottish pound notes to those of my customers in England who prefer notes to coins fer notes to coins.

Managing director, the Campus Group. Advanced Business Centre, Notzinghom.

Air India disaster From Philip Conti

Edinburgh,

B. Davies

From Philip Conti
Sir,—With regard to the Air
India disaster, your Aerospace
Correspondent, Micbael Donne
(June 25) states that "... total
security is impossible short of
turning every airport into an
armed camp with regular ruthless body and haggage checks."
As a seasoned traveller I would
much prefer a ruthless body
and baggage check within the
airport rather than after having
been fished out of the sea.
Philip Contini. Philip Contini. 19, Elm Row.



FINANCIAL TIMES

Friday June 28 1985



David Housego charts the evolution of France's new attitude to national security

Paris takes a European line on defence

GENERAL DE GAULLE believed that France could choose to stay out of a war in Europe while reserving its forces for the defence of French national territory. That has long eemed an unrealistic assumption but has none the less remained at the core of French orthodoxy on deence for the last 25 years.

There are now growing signs, however, that the doctrine is being quietly shelved. Statements by the tion parties, the Government and the Socialist party in recent weeks point to an increasing ac-ceptance that France would be drawn into e European conflict from the outset and that French independence would have little subtance if West Germany were to be

So from an independent concept of defence, France is now increasingly defining its defence policy in

European terms. If that change opens up new possibilities of co-operation with France's European partners - West Germany first of all, but also with Britain - it also raises another, so far intractable problem. French defence strategy is also based on the other pillar of Gaullist theory: refusing e prolonged conventional war in Europe by threatening the early use of nuclear weapons. French defence expenditure since de Gaulle has been concentrated on

nodernising the nuclear armoury. But Nato strategy, and hence that of West Germany, is increasingly based on a reluctance to use nuclear weapons and so depends on the acceptance of a longer conventional war in Europe. As a result of that fundamental divergence of view, Franco-West German talks on mutual security issues under the re-vived 1963 Elysee Treaty continual-

France should go to West Germany's aid it its security were gravely threatened, according to an opinion poll published in Le Monde yesterday. The poll is the first for a long time to examine French attitudes

towards West Germany.

The poll, carried out by the IFOP institute, finds that a smaller proportion - 40 per cent - invour ex-

tending France's nuclear umbrella to West Ger-

The burying of wartime differences between the two countries is reflected in replies to the question on whom West Germans most resemble in terms of outlook and behaviour. Twenty-six per cent of these questioned replied the French — with the Americans being in second place with 17 per cent.

be anathema to the Soviet Union

Now that the opposition is chang-ing its policies and the Communists

have pulled out of the Government.

President Mitterrand has more lee-

Hernu, the French Minister of De-

fence, last week that France and West Germany "had security inter-

simple buffer."

The importance of this is that the

Gaullist dectrine of independence in defence assumed that Germany,

France's long-time enemy, was now a buffer against its new adversary,

The Socialist party has gone fur

ther than the Government in link-ing French defence to that of West

the Soviet Union.

larged sanctuary."

ly bump up against the brick wall of atory talks should begin towards e what type of war would be fought in

Europe and with what weapons.

The most clear-cut sign of the change in defence thinking in France was the statement two weeks ago by former President Valery Giscard d'Estaing, who declared that an invasion of West Germany should be considered as affecting the "ultimate security" of France. In the 1970s, he had been moving towards that concept of an "enlarged sanctuary' but was stopped by oppo-sition from the neo-Gaullist RPR on whom he was dependent for a majority in the National Assembly.

M Giscard d'Estaing made his comment in presenting the defence programme of the centrist UDF group - the other main component of the parliamentary opposition. The UDF says that France should be ready to enter a European conflict at the outset and that "the frontier of our independence is on the Elbe" and not the Rhine.

It proposes that consultations should begin as soon as possible with France's allies and with West Germany in particular on the use of French tactical nuclear weapons. The importance of that is that, in French doctrine, the use of tactical

The RPR does not go as fa their strongly pro-European UDF partners, but there has been a sig-nificant shift in their defence thinking. M François Fillon, the RPR defence spokesman, proposed that the party should make official doctrine that France has "two eastern frontiers: its geographical frontier on the Rhine and the frontier of its independence on the Elbe." But he was "old guard." The party, however, is committed now to establishing a "new structure of co-operation" with West Germany over security

President François Mitterrand, since coming to power, has been edging towards e more European concept of defence. The revival of the Elysee Treaty with West Germany was a step in that direction, as was the creation of a 48,000strong rapid deployment force, symbolising France's greater readiness to intervene early on West

M Mitterrand, however, had two obstacles in his way. As a Socialist President he had to step warily in the face of Gaullist doctrine taboos.

and possibly force the departure of the Communists from the coalition.

Germany on security issues.

The second principal factor is that, with the French defence expenditure now falling in real terms and defence costs rising, all parties are increasingly aware that France cannot afford the independent de-fence that de Gaulle bequeathed. way. The first sign that he is using it was the statement by M Charles

spending has meant that equipment Herr Manfred Worner, the West German Defence Minister, replied: "I thank you for having said that, That process was already under way in President Giscard d'Este-"I thank you for having said that, for France, West Germany is not a der the Socialists. So France is more than ever dependent on its

> The vulnerability of the strategi deterrent is also being increased by new developments in Soviet weap-on technology: anti-ballistic sys-tems, precision-guided missiles that could destroy the French communications, command and control cen-tres and land-based inter-

Germany by increasingly including West Germany in France's "en-

our defence in a war?

More worryingly, the French have convinced themselves that their support for the deployment of U.S. intermediate-range missiles in.
West Germany has contributed to
the growth of the "pacifist" and
"neutralist" sentiment in West Gerevening developed into wholesale retreat. The London equity market many that they most want to avoid. now stands at around its lowest lev-Hence the new pressure to demonstrate France's solidarity with West el of the year and the size of the sticks being left with the underwrit-ers should ensure that the recovery, if there is to be one, is a slow affair

The concentration on nuclear

purchasing for the conventional for-ces has fallen way behind target. nuclear armoury.

The length of government and op-Two of the numerous reasons for position's arms shopping lists - such a shift in doctrine stand out. movable SX inter-continental mis-Successive French administrations siles, an observation satellite, antihave increasingly found that their satellite weapons, an Awacs warnnuclear weapons is closely linked to the use of the strategic deterrent against Soviet cities. M Giscard of Estaing also suggests that explor
The use of the strategic deterrent agriculture on the use of the strategic deterrent against Soviet cities. M Giscard of Estaing also suggests that explor
West Germany in a way that would man question: Would your convenion in it is own.

This is no doubt in the luterest of individual shareholders, but there are costs in the rights issue route which the bulk of Mill'e institutional shareholders might wish to avoid such as the sub-underwriting fee and a few week's interest on the bridging loan needed for immediate completion. On the other hand it seems strange to have a placing if you are also going to the sharehold-ers. The final argument for doing so is that it allows Mills to merger ac-London tin count the acquisition, which avoids the eventual embarrassment of writing off \$20m of goodwill. Like many another people busi-ness, Gintelco has made its exit at

be worth paying will depend on how long the people stay, and on the continued health of the U.S. corporate paper market. At any rate the earnings dilution seems likely to be minimal: down 35p at 315p, Mills' shares were gently dealt with.

Amro/EBC

The sale of a consortium bank is naturally a complicated affair but yesterday's transaction involving European Banking Company is pos-tively fiendish. Having promised the U.S. authorities to reduce its shareholding in EBCe U.S. sister,

Reathrow

60 mins'

Gatwick

110 mins

What started as a local proble

The relative merits of vendor

The relative merits of vendor placings and rights issues seem pretty evenly belanced in the City this week: any form of capital raising is equally unpopular with underwriters who look like having to earn their money the hard way in a falling market. Mills & Allen will get to warks for the timing of its

get no marks for the timing of its

£25m equity call. But it perhaps de-serves some credit for trying to get the advantages of both financing

methods, through an issue which starts off as e vendor placing, but

turns into a rights issue. The ven-dors of Gintelco (a bond-broking

business in New York) get their cash while the shareholders in Mills avoid the dilution which they

would suffer through a normal plac-

Mills & Allen

for Mills

HOUSE

has swapped 15 per cent of EAB for the EBC equity and sold that to Am-ro of the Netherlands.

1981 82 83 84 95

THE LEX COLUMN

Two-way stretch

The £26m or so paid by the Dutch is not much here or there to Midland, although Amro gains a late entry into London-based invest-ment banking and a well respected foreign-exchange dealing operation. The national premium of 25 per cent to EBCe net worth includes the prospect of a good year's trad-ing and at least Amro appeals to the whole of EBC's current manage ment instead of only to some, as in the mooted Merrill Lynch deal.

since buying the rump of Franklin National, and last year lost a Crockerish \$132m. In any case, when a 23 per cent EAB shareholder such as Deutsche Bank is running its own operation, not in California like Midland but just next door, it is doubtful Ebic has much of a future

except as a gentlemen's club.

nearly four times net worth. Whether this premium turns out to Not even the promised descent of be junior counsel. 30,000 U.S. lawyers on London has Late in the day, been enough to support Trusthouse Forte's share price in recent

last year, and though tariffs have only increased by 5 to 6 per cent, realised rates have been higher due

realised rates have been higher due to less discounting.

But the U.S. continues to be a problem, with chronic oversupply in the upper price range. On average, THF's hotels are only about 60 per cent full, and as the economy slows down, it is hard to envisage much of a turnround this year. Of the E70m that THF has earmarked for 1985's capital expenditure, the U.S. share will quite sensibly fall.

The UK hotels are obviously in line for e bumper summer. THF is

line for e bumper summer. THF is so confident of filling its London rooms that it has turned down group bookings that might involve discounts. But the chare price has been discounting this ever since Britain started to look inexpensive to tourists. Judging by their recent languor, the shares may not excite unless THF comes up with some news, maybe on the Savoy Hotel front where there has been persistent takeover speculation.

Guinness/Bell

The case of Guinness versus Arthur Bell got off to a messy start with the principal defendant strended in America and the plain-Yesterday's transaction does stranded in America and the plain-raise questions about the future of tiff forced into court earlier than enother consortium banks under the visaged by circumstances beyond umbrella of European Banks International or Ebic, the club of seven ings have now settled into a European banks. The main problem is EAB, which has produced dismal terday the judge quite properly returns on its shareholders' equity jected the defence charge that Morsing busing the many of Parablia. gan Grenfell QC was acting unethi-cally because of its earlier access to confidential Arthur Bell papers.

With that point of law out of the way, the two sides announced their final teams. Morgan is being sup-ported by Noble Grossart of Edin-burgh, whose Scottish accent is de-signed to impress the jury, while S. G. Warburg has been brought in to lead for the defence. In the UK, at least, Henry Ansbacher will now

Late in the day, Morgan present ed the main thrust of its case, which been enough to support Trusthouse
Forte's share price in recent amounted to little more than a reinouths. From a prospective place it amounted to little more than a reinouths. From a prospective place it is amounted to little more than a reinouths. From a prospective place it is amounted to little more than a reinouths. From a prospective place it is amounted to little more than a reinouths. From a prospective place it is amounted to little more than a reinouths. From a prospective place it is amounted to little more than a reinouths. From a prospective place it is amounted to little more than a reinouths. From a prospective place it is amounted to little more than a reinouths. From a prospective place it is amounted to little more than a reinouths. From a prospective place it is amounted to little more than a reinouths. From a prospective place it is amounted to little more than a reinouths. From a prospective place it is amounted to little more than a reinouths. From a prospective place it is amounted to little more than a reinouth it is amounted to little more than a reinouth it is amounted to little more than a reinouth it is amounted to little more than a reinouth it is amounted to little more than a reinouth it is amounted to little more than a reinouth it is amounted to little more than a reinouth it is amounted to little more than a reinouth it is amounted to little more than a reinouth it is amounted to little more than a reinouth it is amounted to little more than a reinouth it is amounted to little more than a reinouth it is amounted to little more than a reinouth it is amounted to little more than a reinouth it is amounted to little more than a reinouth it is amounted to little more than a reinouth it is amounted to little more than a reinouth it is amounted to little more than a reinouth it is amounted to little more than a reinouth it is amounted to little more than a mounted to little more than a mounted to little more than a mounted 77 per cent, with not so much as a is keeping the Bell price almost nadge from currencies. Outside the within reach. Last night it repre-U.S. occupancy rates are between 5 sented a premium of only 6% per and 6 per cent higher than this time cent to the existing equity offer.

Sweden reveals exchange rate limit

By Kevin Done in Stockholm

THE SWEDISH central bank acted yesterday to try to increase confidence in the krona by publishing for the first time the maximum foreign currency index deviations it will allow before it is pledged to intervene to defend the currency.

After a run on the krona in early May, the Riksbank was forced to raise interest rates sharply to reverse a rapid outflow of currency

The drastic measures, which have pushed Swedish real interest rates to record levels, have succeeded for the moment in restoring stability and there has been a positive inflow of capital in each of the past five weeks totalling more than Skr 2.8bn (\$318m).

Sweden's foreign exchange-rate system is based on maintaining a particular level against a tradeweighted average of 15 currencies. Since the dramatic 16 per cent de-valuation in October 1982, the index benchmark has been fixed at 132.

In the turmoil in the financial markets during the spring, more tainty grew about the index variations the Riksbank would allow, but vesterday the central bank declared maximum upper and lower limits of 134 and 130, implying e maximum devaluation risk of 1.5 per cent. It is the first time the Riksbank

has published the maximum deviations et which it is pledged to defigures reflect the tightening of its previous internal limits. Since May 13, the central bank has been trying to stimulate private capital inflows and Mr Thomas

Franzen, head of the Riksbank foreign department, said that compa nies could now "calculate the maximum risk they take when they borrow abroad. The aim is to reduce the risk element in international One leading foreign exchange

dealer in Stockholm said yesterday. however, that uncertainty still re-mained with an election only 2% months away, and there were per sistent doubts about the next gov-ernment's readiness to act decisively to correct imbalances in the

Bundesbank softens opposition to use of Ecu in Germany

BY JONATHAN CARR IN MUNICH

e slight softening of its opposition to the private use of the European currency unit (Ecu) in West Germany, a stand for which it has been sharply criticised by European part-

Herr Karl Otto Pohl, the West German central bank's president, gave notice of the shift in attitude yesterday during a speech on "con-solidation and development of the

Herr Pobl was careful not to say private Ecu bank accounts in West Germany, but he approached the tone than before.

Departing from his prepared text, Herr Pohl emphasised that the central bank was "not dogmatic" on the issue and reserved the right to look into it again. In doing so, action tak-

BP subsidiary

to axe 450

quarters staff.

staff in U.S.

By William Hall in New York

Mr Alton Whitehouse, chairman

businesses and are working to im-

tries and that only the Bundesbank had taken a negative stand so far. In general, he said, West German solidation and development of the capital and money markets were European Monetary System among the most liberal in the

but because it did not want to set a European" attitude generally. precedent for other forms of indexfields in West Germany.

century, indexation was a very sen-

THE BUNDESBANK has signalled en by other European countries to certainly discuss whether or not e slight softening of its opposition remove obstacles to Ecu use on such fears were exaggerated.

their territories "will certainly not be unimportant for us."

Herr Pühl emphasised that it was a widespread misconception that Ecu transactions were subject to no restriction at all in other EMS countries and that only the Bundschant. pended on whether the exchange rate mechanism of the EMS could be kept stable and greater econom

ic convergence in Europe achieved. Herr Pohl's remarks come world.

against a background of high-level
The Bundesbank had not permitconcern at the Bundesbank that the it was hostile to the Ecu as such, widely interpreted as an "anti-

Some senior officials feel the ation in the economic and monetary Bundesbank has been put badly on the defensive on the issue, although "Rightly or wrongly," after two it has worked hard to improve the terrible bouts of inflation in this EMS - most recently through the so-called "mini-package" of reform

sitive topic in Germany, the Bun-desbank president said. One could banks.

STANDARD Oil Company (Ohio), British Petroleum's majority owned U.S. subsidiary, is cutting about 450 corporate staff jobs and will take e charge of up to \$50m pre-tax to cover the reorganisation of its head-

> As a result, there will be a challenge from the left to fundamental rule changes being proposed for the

day voted to leave all decisions on the rule changes to its conference delegates - with the understanding that they would support any pro-posed remission of the changes. The South Wales area, also leftstance - although its area conference last week voted to support for the preservation of pits and pubmost of the rule changes, but to oppose e few crucial elements. Most

Their line follows closely that are

SHARP political differences be- tional executive and would thus be

If the move to remit the rule changes were to be supported by the right-led areas - which are, in general, opposed to all of the changes - the far-reaching reforms planned by the union would be lost.

egates will argue that the changes will create division, and possibly actual splits, in the union. That would be at a time when, they say, the NUM should campaign strongly for led, may support the Scottish area's missed during the year-long strike stance - although its area confer that ended in March, and also fight

importantly, it would oppose a rule rived at by the Communist Party's change that would ensure that Mr influential miners' advisory group Arthur Scargill, the NUM presist at a meeting last weekend, which

Scargill faces test

egate conference in Sheffield, Yorkshire, next week.

said yesterday that "Sohio, and the oil industry in general, is operating in a tougher environment worldwide. We have decentralised our The left-led Scottish area yester-

prove our overall corporate and business performance in this eco-nomic climate." Sohio is the latest in e string of major oil companies to announce plans to cut overhead costs and slim down its organisation to meet the tougher conditions now prevailing At the end of March it announced that it was suspending operations at its Utah copper division, which controls the biggest copper mine in the U.S.

from union left

BY JOHN LLOYD, INDUSTRIAL EDITOR, IN LONDON

tween two groups of the dominant exempt from the provision in the left-wing of Britain's National 1984 Trade Union Act which enjoins Union of Mineworkers (NUM) will five-yearly elections.

Scottish and South Wales del-

dent, lost his casting vote on the na- emphasised those priorities **OECD** warns Italy

Continued from Page 1

that the only way Italy can break loose from its current dilemma is by rapidly becoming more competi-tive through a reduction in both inflation and in the general government borrowing requirement,

Radical reforms are above all needed on public expenditure the report says. It points out that changes so far made to the pension scheme have not managed to pre-

borrowing requirement. Under the casting and appraisal procedures circumstances, the OECD believes for costing government pro-

The OECD says the growth of wages and costs will have to be brought rapidly under control if the policy of maintaining the stability of the lira exchange rate in the European Monetary System is to suc-

The report concludes that although progress has been made in only on condition that no further vent the social security deficit in- adjusting the Italian economy durcreasing. Transfers to enterprises ing the past two years, more efforts. Switzerland had the assurance that could also be more effectively moni- are required and what has so far it could freely bring the people contored. The OECD suggests that been achieved must be consolidate cerned to Switzerland or to another

prices fall after limit on premium By John Edwards in London

TIN VALUES implied on the Lon

don Metal Exchange yesterday as trading resumed under a new re-striction imposed by the exchange limiting to £90 the daily premium that could be charged to sellers seeking to delay their delivery

Trading was suspended on Wed-nesday when the premium for de-laying delivery for one day reached ing some traders with heavy loss When trading resumed day, the standard grade cash tip price fell £850 to £9.675 a tonne more than offsetting Wednesday's rise of £435 to a record £10,325 a tonne. The three-month quotation also fell yesterday but only by £92.5

A special joint meeting of the Me tal Exchange board and manage ment committee yesterday unamin ously agreed to set the daily limit because the exchange argued that penalising legitimate traders using the market for its correct basic purpose of hedging through the high premium was unacceptable. The limit will remain until such time as orderly" trading is restored.

The same technique of limiting the cash price premium was used by the Metal Exchange in early 1982 when a mystery buying group sought to "corner" the market by boying up all available supplies.
The situation is rather different on this occasion since the main sufferer from the restriction is the buffer stock of the International Tin

Baird polishes up nickel giant, Page 2; Other commodity news, Page 40

Hijack crisis 'near end'

Continued from Page 1 tage crisis has already eroded Israel's popularity with the U.S. pub-

The change in Israel'e stance follows a telephone call from M Du-mas on Wednesday evening. He asked Mr Shimon Peres, the Prime Minister, how Israel would react if

France took up the proposal by Mr Berri to transfer the hostages to a

Western embassy. Israel believes the French tele-should on behalf of the Americans and privately, officials are furious with the U.S. for putting indirect pressure on them to release the Shias while publicly refusing to ask Israel to free the prisoners.

The Swiss Government is also continuing to play a role in the search for e solution to the crisis. A overnment statement said yesterday it would in principle be pre-pared to accept the hostages - but conditions were placed and that

A3 (M)







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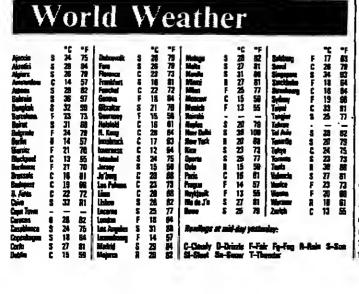
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Birthey Egg



SECTION II - COMPANIES AND MARKETS

FINANCIAL TIMES

Friday June 28 1985



Enserch

to take

\$225m

charge

ENSERCH Corporation, the Dallas-

based engineering and energy con-glomerate, is taking a \$225m pre-

tax writedown on its oilfield ser-

vices operations in a further sign

that the slump in the U.S. oil ser-

Mr W. C. McCord, chairman, said

that Pool Company, the group's oil field services business, had been re-cording operating losses each quar-

ter since late 1982 and the immedi-

vices industry is far from over.

Bosch expects sales at new high of DM 20bn

ROBERT BOSCH, the West Ger- ters of that being spent in West lar the colour television sales of the nents concern, is heading for another strong result this year with world group sales for the first time likely to reach DM 20bn (\$8.5hn) and profits in line with the record

Despite the impact of the seven-week strike in the metalworking industry last year, Bosch's sales rose by 18.9 per cent to DM 18.4bn while group net earnings jumped by 84 per cent to DM 446m.

Dr Marcus Bierich, chief executive since last July, noted that the 1984 earnings figure had been boosted by an extraordinary gain of DM 150m released from reserves. The sum had originally been set aside to cover special risks, notably in the U.S., but was no longer needed for that purpose.

Even without that special factor and despite rising cost pressures -latest signs were that 1985 profits would be "similarly good."

Group fixed-asset investment would be increased by about 15 per cent to DM 1.3bn this year (6.6 per

securities move

AMERICAN EXPRESS is to termi-

nate banking in Japan and switch to securities business in view of its

country, Kyodo reports from Tokyo.

American Express Bank, was to

close its branch in Tokyo - estab-

lished in 1954 - and another Amex-co subsidiary, Shearson Lehman

Brothers, would seek a Finance

Ministry licence to do securities

The move is designed to meet a

Japanese law barring banks from

doing securities business. A Fi-nance Ministry official said it would

clear the way for Amexco to launch

securities operations in Japan.

possibly early in 1986.

business in Japan, officials said.

The U.S. group's subsidiary,

Japanese

Dr Bierich noted that the financial strength of Bosch - a private limited company 90 per cent owned by a charitable foundation – would again allow it to finance all its investment and most of its increase in current assets from cash flow.

In the first five months of this year, world group sales rose by 16 per cent against the same period of 1984 to DM 8.7bm – thanks to a rise of 11 per cent at home and 24 per cent abroad. The foreign share of group sales is thus likely to increase again this year

Sales of vehicle components, much the biggest product division accounting for more than half of overall turnover, rose by 16 per cent, with particularly strong de-mand for Bosch's anti-skid and fnel DM 906m. injection systems.

technology division, about one quar- strike, Bosch was still able to inter of turnover, were up by a more crease sales of vehicle components modest 8 per cent. While there was by 17 per cent while German vehibuoyant demand for advanced elec-tronic information systems, the consumer electronics market stay—Robert Bosch GmhH - rose to DM

dividend in 1988

Bosch subsidiary Blaupunkt. A major boost to Bosch's overseas business is again coming from the U.S. market where sales - especially of vehicle components jumped sharply last year and now account for around 10 per cent of

world group turnover.

Bosch has recently acquired more U.S. production facilities and expects its everall U.S. workforce to rise from a current level of about 2,900 to more than 4,000 by 1987.

The detailed figures now released show last year's performance to have been one of the best in the company's history—with a net profits return on sales of 2.5 per cent, a jump in fixed-asset investment from DM 895m to DM 1.1bn and a rise in domestic research and development spending from DM 827m to

njection systems.

Despite the loss of some DM
Sales in the communications 600m in turnover through the

France Herr Duerr said AEG was now a "technology group" with consumer products making up only 18 per cent of sales. Communications and office systems were the most impor-tant single divisions with combined sales of DM 3.5bn and would be the futnire growth sectors.

AEG set

to resume

est electrical group, is expected to

resume dividend payments in 1988, according to Herr Heinz Duerr,

chairman. The company has failed

to pay a dividend since 1974. Herr Duerr, who has nurtured

AEG back to profitability since its

near financial collapse in 1982, told shareholders they could expect a

payout for 1987 if the company con-

tinued to be profitable. Earnings for this year and 1986 are to be wholly

Last year AEG had earnings of DM 100m (\$32.8m) compared with DM 40m in 1983 on turnover of DM

11hn. The company's financial debt was reduced from DM 1.8bn to DM

1.3hn. Orders in the first four months of this year of DM 3.5hn

were 5 per cent ahead of last year.

Shareholders voted in favour of a

company decision to drop the name Telefunken as a result of the sale of the Telefunken bousehold appli-ances division to Thomson of

The chairman indicated AEG plans to buy back shares in its Olympia office equipment subsidiary. It sold 49 per cent of Olympia at the depth of its troubles in 1981 to the Bosch group and a consor-tium of AEG's banks. Currently Olympia is making a loss, but Herr Duerr said there was reason to believe it could return to profitshility in the next three years.

Esselte seeks to buy Boorum and Pease

U.S. subsidiary of the Swedish ofaging group, is seeking to take over Boorum and Pease, the U.S. office supplies company, in a deal worth

and the offer has already been accepted by the private family which controls some 54 per cent of the Bourum and Pease equity. Bourum and Pease had a turn-

over last year of some \$70m and a workforce of more than 1,000. Esselte said the company was one of the oldest U.S. producers of office

Boorum and Pease operations with and the rest in polyester and rayon its North American Esselte Pendaflax activities, which currently have The deal, which still has to be approduction facilities at 12 locations proved by U.S. authorities, comes in the U.S. and Canada.

were complementary, said the com-

Citibank steps up pace of German expansion BY JOHN DAVIES IN FRANKFURT

CITIBANK, the U.S. banking group, is opening branches in more West Germany cities to try to build up AEG, West Germany's second largbusiness with medium-sized compa-

> weeks ago, it plans to set up branches in Hanover and Mannheim later this year. By then it will be established in 10 cities - an un- had to be close to medium-sized usually wide network for a foreign bank in West Germany but a reflection of the country's highly decentralised business environment.

The process of regional expansion will not stop there as executives envisage two or three more branch offices in unspecified loca-

more than 30 years ago, initially as a representative office, and in a hout of expansion between 1965 and

The bank increased its business

BY JOHN WICKS IN ZURICH

PIRELLI Société Générale, the

Basie-based holding company

linked to the Italian industrial con-

cern, lifted its net profit from SwFr 23m (\$9m) to SwFr 24.4m for the

Share capital was increased dur-

ing the year from SwFr 272.2m to SwFr 300m, and the company is to

pay its shareholders - Pirelli SpA and Société Internationale Pirelli -

an unchanged dividend of SwFr 60

For the same business period, the

consolidated accounts of the compa-

ny together with its subsidiaries,

Pirelli Finance (Holding), Pirelli Fi-

nancial Services and Limaga,

showed an increase in net earnings

from SwFr 29.5m to SwFr 33.1m.

year to April 30.

per share.

northern Bavaria.

Executives said Citibank felt it

customers as such clients were not inclined to deal with a bank in a distant centre such as Frankfurt. The bank aimed to be established within an bour's drive of a customer. Citibank sees its search for so-

called "middle market" business as a key element in its West German strategy, in addition to traditional Citibank started up in Frankfurt business with large corporations,

Pirelli holding group profit

edges ahead to SwFr 24.4m

1970 it opened branches in Berlin, volume by 24 per cent to DM 7bn

strengthened" its financial and

managerial services to companies

time, parent-company net earnings had risen from just under SwFr

420,000 to almost SwFr 9.28m.

Düsseldorf, Hamburg, Munich and (\$2.3bn) last year, with its operating startigart. Strittgart

After a 14-year gap, it launched
its current growth strategy by
opening its seventh West German

West Germany.
In common with West German banks, Citibank is giving increasing attention to building up services, in view of the tight margins and limited growth prospects in credit busi-

It also continued to put great store on electronic banking, in which it has been one of the prime movers in West Germany, along with Chase Manhattan of the U.S. Executives said that companies were showing much more interest in electronic banking now that local

ny's profits to reserves with the re-

Nova-Park Hotel Management

mainder to be carried over.

ate future looked no better Pool owns or operates more than 600 oil rigs, and its oil services business is the second largest in terms of assets. The company says that it expects its consolidated cash flow to continue to be adequate to sus-West German banks were increastain the current quarterly common stock dividend of 40 cents per share

that has been in effect since early In a move to cushion the impact of the writedown on second-quarter earnings, the group is taking a \$85m after-tax gain on the sale of 15 per cent of Enserch Exploration Partners, a recently formed limited partnership. Enserch raised \$223m from the sale of this stake, and this was used to reduce debt and for general working capital purposes. At the eod of 1984 Enserch had shareholders funds of \$1.2bn and senior long-term debt of \$736m which has subsequently been sub-stantially reduced following the sale of Enserch Partners.

Enserch also disclosed yesterday that it was in the process of selling Samson Ocean Systems, a Boston company which manufactures ropes and fenders.

provement for the year as a whole.

The Bienne-based company last Nova-Park Hotel, which has an anyear booked a consolidated net mual turnover of some SwFr 30m. It profit of SwFr 28.5m (\$10.5m), com-pered with a corresponding loss of SwFr 172,632 in 1983. At the same Roo Oehl, last winter when they \$60.8m in 1983 before recovering to \$92.6m in 1984. In the first three saved the Nova-Park group's holding company from bankruptcy on a claim of SwFr 5.1m by the local sub-At yesterday's annual meeting, sidiary of a West German bank.

cent of sales compared with 6.1 per cent in 1984), with about three quared depressed - affecting in particu- 280m from DM 157.4m in 1983. Amexco in Apple implements

APPLE COMPUTER, the Californian pioneer of the personal computer business, has announced a ment since the management resweeping reorganisation of its sales shuffle two weeks ago in which Mr and marketing efforts for its Apple
II and Macintosb models, as part of man and co-founder, was effectively greater growth potential in the its strategy to survive the severe removed from day-to-day manage-

The Amexco officials said the company hoped to begin securities forecast a figure.

survival strategy

downturn in the personal computer ment responsibilities.

Mr Sculley said the company Mr John Sculley, Apple's presi- would launch a new marketing prodent, told a conference in San Frangramme for the Macintosh on Jucisco late on Wednesday that the ly 1. As part of that, dealers would
company would dishand its direct be supplied with a wider range of
sales force of 60, which has been accessories by Apple itself and with selling Apple equipment directly to more software - items on which

large corporate and university customers, and would in future rely in addition to making its peace mainly on its dealer network.

Mr Sculley also confirmed that in the past often criticised Apple's Apple expected to report a loss for marketing approach, the company its third quarter, which ends on also hinted that it was prepared to equipment suppliers.

BASF expects 10% sales rise

BY OUR FRANKFURT STAFF

BASF, the West German chemical the domestic market had also business in growth markets abroad. group, has continued to boost its shown signs of picking up more sales revenue, especially abroad, strongly. In the U.S., the upswing and is hoping for a further increase was flattening out, he added. and is hoping for a further increase in earnings this year.

Group sales in the first half of chemical groups, Hoechst and Baythis year are expected to show a er, all enjoyed a substantial in-rise of 10 per cent to DM 22.3bn crease in sales and earnings last (\$7.33m) while parent company year, and all lifted their dividends sales are expected to rise by 5 per to DM 9 from DM 7 for 1983. Alcent to DM 10.36bn.

Dr Hans Albers, chief executive, tious about the likely rate of growth told the shareholders' meeting in this year, the major companies Ludwigshafen yesterday that, although the main impetus to growth was coming from markets abroad, strategy, BASF aimed to build up

TWO BRITISH banks launched

bond issues yesterday while Statoil,

the Norwegian state oil company, issued a straight dollar Eurobond

which, for the first time, carries no

Barclays Bank is making a straightforward, though aggressive

ly priced, \$250m Eurobond issue, for five years with a 10% per cent

coupon and 100% per cent pricing.

The issue, in the name of a Jersey subsidiary with a parent company

guarantee and led by Barclays Mer-chant Bank with Salomon Brothers International, counts as senior debt.

Meanwhile, indicated terms were

government guarantee.

though the industry has been cau-

It was disclosed earlier this week that BASF plans to add to its U.S. fibres activities by acquiring Ameri-BASF and the other two major can Enka from Akzo, the Dutch chemicals and fibres concern. American Enka had sales revenue of nearly \$500m last year, with two thirds of its business in nylon fibres

products. shortly after BASF agreed to buy the Inmont motor vehicle coatings and printing ink concern for \$1bn | pany,

By Kevin Done in Stockholm ESSELTE Business Systems, the

Esselte is bidding \$39 per share,

Esselte is aiming to integrate the

THIS ANNOUNCEMENT APPEARS AS A MATTER OF RECORD ONLY.

Pirelli Société Générale says it shareholders approved the transfer

had further developed and of SwFr 8.75m of the parent compa-

m the group.

• Asnag-SSIH, the leading Swiss watch-industry company, announces that business was "good" in the first months of 1985, with re-

sults likely to show a further im- rent of SwFr 5m for 10 years.



THE CENTRAL BANK OF THE REPUBLIC OF TURKEY

US \$500,000,000 7 YEAR MULTIPLE FACILITY

GUARANTEED BY

THE REPUBLIC OF TURKEY TURKIYE CUMHURIYETI

LEAD MANAGED BY

ARAB BANKING CORPORATION (ABC)

CHEMICAL BANK INTERNATIONAL GROUP COMPAGNIE LUXEMBOURGEOISE DE LA DRESONER BANK AG

-DRESDNER BANK INTERNATIONAL-MANUFACTURERS HANOVER LIMITED

AMERICAN EXPRESS BANK INTERNATIONAL GROUP BANQUE INDOSUEZ

COMMERZBANK AKTIENGESELLSCHAFT

ARAB BANKING CORPORATION (ABC)

BANQUE NATIONALE DE PARIS

CREDITANSTALT-BANKVEREIN

UNION BANK OF NORWAY LTD.

THE INDUSTRIAL BANK OF KUWAIT K.S.C.

BANK OF BAHRAIN AND KUWAIT B.S.C.

DEUTSCHE BANK COMPAGNE FINANCIERE LUXEMBOURG

T.C. ZIRAAT BANKASI

AL SAUDI BANQUE

CITICORP INTERNATIONAL BANK LIMITED

AUSTRALIA.: EUROPEAN FINANCE CORPORATION N.V.

BANCA COMMERCIALE ITALIANA, NEW YORK BRANCH

MIDLAND BANK PLC ASSOCIATED JAPANESE BANK (INTERNATIONAL) LIMITED

COMPAGNIE FINANCIÈRE LUXEMBOURG

LIBYAN ARAB FOREIGN BANK, TRIPOLI T.C. ZIRAAT BANKASI

FIRST NATIONAL BANK OF BOSTON

BANK OF TOKYO INTERNATIONAL LIMITED -CAPITAL MARKETS GROUP-CITICORP CAPITAL MARKETS GROUP

GULF INTERNATIONAL BANK B.S.C.

THE NATIONAL BANK OF KUWAIT S.A.K. BANKERS TRUST INTERNATIONAL LIMITED BANQUE NATIONALE DE PARIS CREDIT LYONNAIS

IRVING TRUST COMPANY

STANDARD CHARTERED BANK

THE MITSUI BANK, LIMITED

UNION BANK OF SWITZERLAND

PROVIDED BY THE BANK OF TOKYO, LTD. CHEMICAL BANK

COMPAGNIE LUXEMBOURGEOISE DE LA DRESDNER BANK AG GULF INTERNATIONAL BANK B.S.C. MANUFACTURERS HANOVER TRUST COMPANY THE NATIONALE BANK OF KUWAIT S.A.K. BANQUE INDOSUEZ BANKERS TRUST COMPANY

AMERICAN EXPRESS INTERNATIONAL BANKING CORPORATION COMMERZBANK INTERNATIONAL S.A. **CRÉDIT LYONNAIS FRVING TRUST COMPANY** STANDARD CHARTERED BANK LIBYAN ARAB FOREIGN BANK, TRIPOLI THE MITSUI BANK, LIMITED

LINION BANK OF SWITZERLAND AMERICAN SECURITY BANK, N.A. WASHINGTON, D.C. BANCO DI ROMA LONDON BRANCH MIDDLE EAST BANK LTD. DUBAL ALGEMENE BANK NEDERLAND N.V.

BANCO DI NAPOLI INTERNATIONAL S.A. BANQUE PARIBAS HABIB BANK LIMITED BADISCHE KOMMUNALE LANDESBANK (SWITZERLAND) LTD. THE RIGGS NATIONAL BANK OF WASHINGTON, D.C. SAUDI AMERICAN BANK TURKIYE IS BANKASI A.S. (LONDON BRANCH)

UNITED GULF BANK (B.S.C.)E.C. YAPI VE KREDI BANKASI A.S.

AGENT BANK CITICORP INTERNATIONAL BANK LIMITED

APRIL 1985

100

first warrant issue. In 1969, equity warrants were included in a deal to buy Lombard Banking.

The bonds will have a 10-year life and an indicated yield of 4% per cent. Each SwFr 5,000 nominal amount is expected to carry one warrant to buy 200 shares during the first five years of the bond's life. at a premium over the current share price of about 15 per cent. If all the warrants were exercised, NatWest would issue 12m new shares, just over 3 per cent of its ex-panding capital. Final terms will be

set by lead manager Handelsbank, a NatWest subsidiary, on July 3. In the dollar sector, secondary market prices edged higher through the day following the suc-

BY ALEXANDER NICOLL IN LONDON Previous 103.025 June 27 1985

British banks come to market

cessful U.S. Treasury auction on Wednesday, with some Far Eastern buying seen. The market benefited from a slowing in new issues, with no new floating-rate notes appear-

ing.
The day's best received issue was that for Statoil, a \$170m issue for five years with a 10 per cent coupon and 100% per cent pricing, led by Deutsche Bank with Citicorp International Bank and Salomon Brothers International

Meanwhile, indicated terms were set for National Westminster Bank's SwFr 300m hond with equity warrants. This is the largest foreign issue in the currency since the SwFr 200m ceiling was raised last month. It is the first Swiss issue by a British bank with equity warrants, though it is not NatWest's first warrant issue. In 1969, equity Despite the lack of an explicit government guarantee, the Statoil issue did well, aimed – like the Bar-clays issue launched later in the day - at a market for five-year

paper.
In West Germany, the Bundesbank announced that nine D-Mark Eurobonds totalling DM 1.83m, were planned for July comprising seven straight issues and two dual-currency bonds. If issued, these would be the first of their kind bunched in West Germany follows. launched in West Germany following the May 1 liberalisation of German capital markets, which has opened the way to a number of new

play. the Eurocredit market from ot The July total is expected to be instruments notably Euronotes

absorbed easily by the market, ernment, which still owns the com-Significantly, no floating-rate or pany but plans to privatise it. Both zero-compon issues, also allowed on-have been seen as aggressively

interest rates.

The secondary market in Ecu issues also rose yesterday, showing gains of up to % point.

In Switzerland, Nippon Teleror graph and Telephone, which issued a \$100m straight Eurobond earlier this week, yesterday launched a SwFr 150m 10-year issue with an indicated coupon of 1%, led by Crédit Suisse.

Kyotaru, a sushi restaurant this week, yesterday launched a convertible issue, priced as indicated yield of 5% per cent led by ed with a 3% per cent coupon and 5% per cent coupon of the center of th

are the first issues by the borrower

without a guarantee from the Gov-

following a patchy response to the first ventures. Of the planned total for June, three still remain to be is-

sued, although at least two are be-lieved to have been dropped from this month's calendar.

pected at % point above London in-terbank offered rates (Libor) for six months. The issue is led by Banque The German market moved Gutzwiller, Kurz Bungener. The isquietly higher yesterday, helped by sue was in the market in May as a downward pressure on short-term two-tranche deal but was postponed miterest rates. due to Italian legislative changes.

The secondary market in Ecu is
A SwFr 70m convertible issue is

dicated yield of 5% per cent, led by ed with a 3% per cent coupon and 5 Union Bank of Switzerland. These per cent conversion premium. International bond service,

IMI to raise \$100m

BY PETER MONTAGNON IN LONDON

ISTITUTO Mobiliare Italiano, Ita-

It carries an annual commitment ing \$100m in the Euromarkets through a revolving credit arranged by Sanwa Bank International.

The deal bears what is believed to the comparation of 1/2 point for the first two years rising thereafter to 1/2 point.

The deal is a multicurrency one

borrowing instruments.

Principal or interest repayments of a dual-currency bond are in another currency, probably dollars, offering buyers an exchange-rate play.

The deal bears what is believed to be a new low on margins for Italian in which funds can be drawn in currency one in which funds can be drawn in currency of IMI as a borrower and partly also the competition facing royen. IMI intends to draw half the funds this year and the remainder in the support of the

Power Corp sells large stake in CP

POWER Corporation of Montreal, an investment holding company, with interests in forest products and financial services, has relinic's issued ordinary shares. Power quished its position as the second bought its shares in CP four years largest shareholder in Canadian Pa- ago, but following a controversy cific, the giant transport and indus- over the purchase it agreed not to

It has sold its CP shares to two Toronto investment dealing concerns, which are offering them to

In a surprise announcement on Wednesday, Power said it had sold 10.1m ordinary shares and 1.3m shares held by its Consolidated Ba-thurst affiliate to Gordon Capital Corporation and Dominion Securi-

The shares were sold at C\$19.25 making a total of C\$218.8m (\$199.9m).

The Power and Consolidated Bathurst stake represented just under 6 per cent of Canadian Pacifraise its interest to more than 15 per cent.

Power was widely expected to in-crease its shareholding by taking over st least some of the 9.9 per cent interest of the Quebec pension fund Caisse de Dép

Power Corp said the sale of its CP shares would improve cash flow and further strengthen its financial position. The company's interests include a 40 per cent stake in Con-solidated Bathurst and investment in various financial service compa nies including Pargesa, the Geneva-

Unipart in new venture

ries arm of Britain's BL car group, is expanding into the cellular car elephones business as part of s strategy to strengthen the business abead of its privatisation later this

Unipart is embarking on the ven-ture with help from AT&T, the U.S. communications group which invented the cellular technology.

Mr John Neill, managing director, believes cellular car telephones services

UNIPART, the parts and accesso- represent one of the few major new growth opportunities in the car af-termarket, which has been hit by

fierce competition together with re-

duced demand as the result of im-proved parts reliability and longevi-Unipart has set up a new company, Unique-Air, to handle the business. Mr Neill says it will differ from most other operators in the field by providing a full range of

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. The

mnowing are closing prices for June 21.			
U.S. DOLLAR			Change on
STRAIGHTS	hered !	Md Offer	day week Yield
Amex Credit 10% 95		181 101 %	+ 01a - 67a 10.52
Amex Credit 12m 88		0614 10F4	+ 05 ₂ - 05 ₂ 10.16
Sank of Tokyo 13% 91		1276 11336	+ 674 - 674 19.56
SP Capital 10 2 84		1874	+04 +04 1077
BP Capital 11 82			+84 -84 427
Caisse Not Tele 13 ⁵⁴ 91			+ 6% -1 19.81
Coneda 11'2 DD		85 105 ¹ 2	+ 42 - 12 18.02
Carnedian Pac 12 ¹ 2 99			+ 05 - 03 11.21
CBS Inc 11 92			+1 -874 1892
Chevros USA 1214 89			+ 019 - 812 1824
Citicoro 11 ¹ 7 95	150 t 1		+8% +8%11.45
Goca Cola 11 th 91			+812 -17,1826
Desmark Kingdom 114 89			+ 0% - 81 10.49
Denmark Kingdom 1119 90			+0% -2% 18.95
Decreek Kingdom 11 2 92			- 814 - 214 11.15
Denmerk Kingdom 1314 91			+ 85 - 14 10.77
Denmark Kingdom 14 91			+ 816 - 812 11.56
EEC. 11 90			+65 -15 1831
ELB. 12 95			+ 854 - 214 18.86
E18. 13 96			+14 -1 1122
Export Dev Corp 12 00			+ 95, - 95, 18,18
Ford Motor Cred 11 00	100 1	0176 1024s	
Ford Motor Cred 114, 95	100 1	01% 188%	+ 64 65, 11.27
Ford Motor Cred 11 ²⁴ 92			+ 84 - 14 11.14
Ford Motor Cred 12 95	100 1	864 1854	+ 814 - 814 11.10
Gen Elec Credit 1034 00		5% 180%	+ 0% - 1 18.26
6MAC 1014 89		83 ₄ 1001 ₄	+ 812 - 674 16.26
IBM Credit 10* 2000			+ 874 - 1 16.26
Indust Elk Japan 12% 89			+ 8% - 6% 10.26
Japan Air Lines 13" 94			+ 014 - 112 18.36
Kellogg Company 10% 00		0112 182	+05 -1 1834
Kellogg Company 1114 92			+ 87 ₈ - 17 ₈ 18.54
LTCR 12% SI			+ 0% - 14 1876
Macy Cred Corp 11 ²⁴ 90			+ 014 - 214 11.07
Mellon Bank 13 87 Mensii Lynch 124 89			+ 814 - 02 9.83
Minnesola 11 ¹² 87			+ 014 - 012 11.00
Milesul Trust 11% 00			- 672 8.30
Morgen Gueranty 12 89			+ 0% - 114 19.20
Nippos Grad Elk 13% 89			+ 0% - 1 18.53 + 0% - 0% 18.55
Nth America 127, 91			+ 9% - 8% 10.76 + 9% - 1% 11.73
Penney LC. 12 ⁹ 91			+14 -82148
Pru Realty secs 121s 95		105°4 1	
Quebec Hydro 11'2 92		M14 10474	+ 84 - 14 18.57
Raiston Puring 11 ²⁴ 90			+ 50a - 112 10.95
Reiston Puring 12 ^{Re} 89		1074 1074 ·	+ 014 -1 18.00
Royal Ek Can 124 92 XW			+ 614 - 11- 1228
Saskatchowen 19 3/4 92			+ 64 - 14 19.84
Sankatehannan 11 778 00	100 4 1	MT- 1081-	L 87- 8 40.04

+ 95; 7,87 - 95; 8,98 0 7,95 0 7,95 0 7,94 - 15; 7,96 - 05; 7,92 - 95; 7,92 + 97; 6,93 + 97; 6,93 + 97; 6,93

+ 1015 + 1005 +

Austria Republic 7 95 SP Owerzed 7 92 Fed Nati Mort 67s 92 Finland Republic 67s 90 World Bunk 67s 90 1947a 1953a 0 - 97a 1949a 1927a 1937a + 97a - 97a 1959a 1937a 1943a + 97a - 97a 1959a 1937a 1943a + 97a - 17a 1957a 1917a 193 - 97a 1957a 1917a 193 - 194 1957a OTHER STRANSHTS
Australia, 13⁻⁴, 89 SA
Australia, 13⁻⁴, 89 SA
Australia, 13⁻⁴, 80 SA
ST Aust. 13⁻⁵, 82 SA
Westpox 13⁻², 80 SA
Bell Canada 12⁻⁶, 97 C3
British Caterolia, 12 00 C3
Can her Rail 12⁻⁶, 95 C3
Chysisic Cetel 12⁻⁶, 90 C5
EJB, 12 85 C3
New Brusselck 11⁻⁶, 95C Designants 12 × 90 Ce
ELB. 12 55 CS
New Brunswick 1 1s 95 CS
Nordic twe 9k 16 00 NS
NC Forest 15 5 92 NS
Woodworth 16 5 91 NS
NLZ Goot 2 94 00 ECU
Ruboback 59, 58 ECU
Ruboback 59, 58 ECU
Ruboback 59, 58 ECU
Ruboback 59, 58 ECU
Ruboback 57 92 PL
Philips Lampar 7* 98 FL
Rank Xeerock 7* 98 PL
Rank Lamachet 7* 98 PL
Rank To 00 FL
Gaz de Prance 11 1* 90 PL
Australian Contral 11 92 E
SPC Capital 10 A
SP Capital 10 SP
Incommitts 10 SP
Incommitte 10 SP
Inco Norsk Hydro 11% 91 5 Privathanken 11% 92 5 Privathenien 17° 92 £
Royal Truston 11° 92 £
Royal Truston 17° 90 £
Star Drug Cap 10° 95 £
Swoot Exp Const 17° 92 £
Tethouse Foris 11° 90 £
EG.S.C. 10° 94 £
Not Lax Abun 10° 2 92 LF PLONISHES SALE SHOPE SHO 284 C.de 1885 11/18 865 246 1887 287 1887 287 1887 11/8 1001 13/8 1005 128 1854 227 128 227 120 5/8

9874 188 1872 19872 19874 1779 9875 18976 2575 18874 18976 2575 18874 18974 1897 18974 18974 1897 18974 2576 1897 18974 18974 1897 18974 18974 2577 18974 18974 1877 18974 18974 1877 18974 18974 1877 18974 18974 1877 18974 18974 1877 18974 18974 1877 18974 18974 1877 18974 18974 1877 18974 18974 1877 18974 18974 1877 Credit Lyonomia 5¹⁴ 80 Dresdaer Fin 5¹⁴ 85 Ireland 5¹⁴ 97 Ireland 5¹⁴ 98 Iretand 514 98
Iretand 514 98
Irety, Republic 5 84
Lloyde Gare 8 2004
Midland Bantt Perp 5
Net West Perp 5 90
Net West Perp 6 97
Net West Perp 8 544 \$
Cusermatend Goel 874 98
Rays Bit Sout 574 2008 £
Sweden Perp 514 65
Tokal 514 99
Assessor CONVENTELE 055 967 967 1457 1177 1167 914 914 915 1653 914 Muratz 37° 2008
Nippon Blue 2*4 2000
Nippon Clt Ca 3 2000
Nippon Olt Ca 3 2000
Nippon Olt Ca 3 2000
Nippon Olt Ca 3* 39
Orient Lensing 5*4 98
Soldsol House 3 89
Sony Cap 2 2000
Sumillaria Cap 2*6 00
Tallecta Riben 3*4 2000
Tallecta Riben 3*4 2000
Tourbo Servic Blee 3*4 39
Tourbo Caramics 3 2000
Nippon Olt Ca 2*6 32 97
Alippon Shington Ca 2 92 97
Asica 5 92 0M
Som Ready 6*4 92 DM 8674 53-5 835-5 1067-1 1077-1 2847-8 + 62s 1.17 + 63s - 0.01 - 614 7.97 - 614 7.90 - 112 22.84 - 840 - 4.59

T Daly one maries maker supplied a price

Convertible bonds: Deceminated in deliurs unders urbanwise indicated, City, day

— Change on day, Cav, date — First data for convexion into shores. Class, price

— Remind amount of bond par shore appreciable in currency of shores at conversion rate fixed at issue. From — Percentage precious of the current officetive price of acquiring shores via the hand over the most recent price of the
shores.

(FORMERLY KAO SOAP COMPANY, LTD.) (Kao Sekken Kabushiki Kaiska)

U.S. \$20,000,000

6 per cent. Convertible Bonds 1992

NOTICE IS HERERY GIVEN that, in accordance with the provisions of the Trust Deed dated 17th August, 1977 between Kao Corporation (the "Company") and The Bank of Tokyo Trust Company as Trustee, under which the above described Bonds were constituted, the Company has elected to exercise its right to, and shall, redeem on 31st July, 1985, all of its outstanding Bonds at a redemption price of 102 per cent

recempoon.

The payment of the redemption price will be made on and after 31st July, 1985, oppon presentation and surrender of the Bonds, together with all coupons appertaining thereto maturing after 31st July, 1985, at the principal office of any of the following Paying Agents:

This announcement appears as a matter of record only.

NEW ISSUE



27th June, 1985

INTERNATIONAL FINANCE CORPORATION

U.S.\$50,000,000 due 1995 through a private placement

arranged by Nomura International Limited

Interest Rate Swap

arranged by

Citibank, N.A.

Manufacturers Hanover Trust Company

NATIONAL BANK OF DETROIT US\$100,000,000 pating Rate Subordinated Capital Notes due 1996

Notice is hereby given that in respect of the Interest Period from June 28 to September 30, 1985 the Notes will carry an interest rate of 81/4% per annum. The coupon amount payable on September 30 1985 will be US\$212.15 per US\$10,000 Note.

June 28, 1985 The Chase Manhattan Bank, N.A.

London, Agent Bank

KLEINWORT, BENSON, LONSDALE plc

US \$100,000,000

Primary Capital Undated Floating Rate Notes

For the interest period 28th June 1985 to 29th November 1985, the Notes will carry a Rate of Interest of 8% per cent. per annum with a Coupon Amount of US \$368.96.

CHEMICAL BANK INTERNATIONAL LIMITED

Rescue for small NOTICE OF REDEMPTION AND TERMINATION OF CONVERSION RIGHTS New York bank **KAO CORPORATION**

THE Hongkong and Shanghai Banking Corporation has rescued Golden Pacific National Bank, a small bank in New York's China town, which was closed last Friday after a run on its deposits, writes William Hall in New York.

The Federal Deposit Insurance Corporation (FDIC), which is re-sponsible for insuring the deposits of U.S. banks up to \$100,000, an-nounced that the four offices of Golden Pacific would reopen tomorrow as branches of Hongkong and Shanghai and that the vast majority of its customers would be able to withdraw their money.

NEW YORK EXCHANGE DAILY PRICES

The Bank of Tokyo Trust Company in New York Swiss Bank Corporation in Baske The Fuji Bank, Limited in London Krediethank S.A. Luxembourgroise in Luxembor Societe Generale de Banque S.A. in Brussels The Sumitomo Bank, Limited in London Banque Nationale de Paris in Paris

Banque Nationale de Paris in Paris

From and after 31st July, 1985, interest on the Bonds will cease to accrue.

The Bonds may be converted into shares of Common Stock of the Company at the conversion price (with Bonds taken at their principal amount translated into Japanese Yen at the rate of Yen 266,00 equals U.S. 31) of Yen 358,30 per share of Common Stock. The Company's Common Stock is issuable only in Units of 1,000 shares or integral multiples thereof. A cash adjustment will be paid for any fraction of a Unit. Each bondbolder who wishes to convert his Bonds should deposit his Bonds, together with all nomatured coupons, with any of the Conversion Agents being the same as the Paying Agents specified above, accompanied by a notice of conversion (the form of which notice is available from any of the Conversion Agents). SUCH CONVERSION RIGHTS WILL TERMINATE AS TO ALL BONDS AT THE CLOSE OF BUSINESS ON 31ST JULX, 1985, BASED ON THE CONVERSION PRICE OF YEN 358.30 PER SHARE, A CLOSING PRICE OF YEN 835 FOR THE COMMON STOCK ON THE TOKYO STOCK EXCHANGE ON 19TH JUNE, 1985 OF U.S. 31 = YEN 246.95, THE HOLDER OF A BOND IN THE PRINCIPAL AMOUNT OF U.S. 1000 CONVERTING ON THAT DATE WOULD HAVE RECEIVED UNITS (TOGETHER WITH A CASH ADJUSTMENT FOR A FRACTION OF A UNIT) HAVING A VALUE OF U.S. \$2508. THE U.S. FRACTION OF A UNIT) HAVING A VALUE OF US. \$2.508. THE US. DOLLAR EQUIVALENT OF CONVERSION ON A LATER DATE WILL BE AFFECTED BY CHANGES IN THE PRICE OF THE COMMON STOCK AND IN THE RATE OF EXCHANGE, AND BY ANY ADJUSTMENT OF THE CONVERSION PRICE.

RAO CORPORATION

RAO CORPORATION

By: The Bank of Tokyo Trust Company
as Trustee

Dated: 28th June, 1985

This announcement appears as a matter of record only.



Europistas, Concesionaria Espanola, S.A.

¥7,000,000,000 Euro Yen Term Loan

Arranged by The Sumitomo Trust & Banking Co., Ltd.

Provided by

The Surnitomo Trust & Banking Co., Ltd. The Chuo Trust and Banking Company, Limited The Daiwa Bank, Limited

Allied Irish Banks plc Citicorp Investment Bank The Hokkaido Takushoku Bank, Limited

Daiwa Securities (H.K.) Limited

Enskilda Securities

The Sumitomo Trust & Banking Co., Ltd.

Agent Bank

these accurates with certain institutional investors outside of the Grated States.

There securities have not been ond are not being offered for sale to the public. This announcement appears only as a matter of record.

Arrongements have been made through the undersigned for the private placement of

1,100,000 Shares

Common Stock

Kidder, Peabody International

Paine Webber

Kleinwort, Benson Limited and Grieveson, Grant & Co. announce the opening of

Kleinwort Benson, Grieveson Grant (Asia) Limited

International Stockbroking

Colin Phillips Director

40th Floor, Gloucester Tower The Landmark, 11 Pedder Street, Hong Kong Telephone: 5-225164 Telex: 89719

U.S. \$400,000,000 **BankAmerica Overseas Finance Corporation N.V.**

U.S.\$125,000,000-SERIES 17

CELANESE MEXICANA, S.A. (Organised under the laws of the United Mexican States) Six Month Notes issued in Series under a U.S.\$125,000,000 **Note Purchase Facility** Natice is harmen given that the above Series of Notes issued under a Nate Purchase Facility agreement dated October 20, 1981, will carry an

terest Rate of 914% per annum. The Maturity Date of the above Serie

CITIBANCO

of Notes will be December 31,1985.

By: Citibank, N.A. (CSSI Dept), Issue Agent.

June 28, 1985 London

Incorporated with limited liability in the Netherlands Antilles **Guaranteed Floating Rate Subordinated Capital Notes** Due 1996

Guaranteed on a subordinated basis as to payment of principal and interest by



(Incorporated in the State of Delaware)

In accordance with the provisions of the Notes, notice is hereby given that for the three month Interest Period from 28th June, 1985 to 30th September, 1985 the Notes will carry an Interest Rate of 84% per annum. The interest amount payable on the relevant Interest Payment Date which will be 30th September, 1985 is U.S. \$1,060.76 for each Note of U.S. \$50,000.

> Credit Suisse First Boston Limited Agent Bank

nota SA

Say TOTAL first

Compagnie française des pétroles, the parent company of the **TOTAL** group, is changing its name to **TOTAL** COMPAGNIE FRANÇAISE DES PETROLES.

A great French and international oil company

TOTAL Compagnie française des pétroles has been producing and selling oil and oil products for 50 years. TOTAL has 45000 men and women working for it on the 5 continents and in 75 countries.

TOTAL is concerned with all sources of energy

TOTAL Compagnie française des pétroles is also a multienergy group concerned with all the major forms of energy. Thanks to its highly skilled teams, it is able to adapt to every type of situation, and to offer solutions for every type of energy problem, wherever it occurs and whether it be in an individual, institutional or national framework.

and is preparing for the future

TOTAL Compagnie française des pétroles is a group with long-term aims, a group that is preparing for the changes of tomorrow. The innovative capacity of its specialist teams, the positions it has established in advanced technology, its willingness to take risks and the precision of its economic decision-making mean that it can command the future.

TOTAL is not dreaming of the future, but building it.

TOTAL COMPAGNIE FRANÇAISE DES PETROLES



GABINETE DA ÁREA DE SINES

(An agency of the Republic of Portugal)

US\$30,000,000

Medium Term Loan

Arranged by:

BANK OF TOKYO INTERNATIONAL LIMITED Capital Markets Group

Lead Managed by:

BANK OF TOKYO INTERNATIONAL LIMITED Capital Markets Group

BURGAN BANK S.A.K. - KUWAIT

COPENHAGEN HANDELSBANK A/S - London Branch (Licensed Deposit Taker)

THE HOKKAIDO TAKUSHOKU BANK, LIMITED THE TAIYO KOBE BANK, LIMITED

Co-Managed by:

ISTITUTO BANCARIO SAN PAOLO DI TORINO

Provided by:

The Bank of Tokyo, Ltd.

Burgan Bank S.A.K. - Kuwait Copenhagen Handelsbank A/S - London Branch (Licensed Deposit Taker)

> The Hokkaido Takushoku Bank, Limited The Taiyo Kobe Bank, Limited

Istituto Bancario San Paolo di Torino - London Branch

Banca Nazionale dell'Agricoltura S.p.a. – London Branch (Licensed Deposit Taker) Tha Rural and Industries Bank of Western Australia

The Yasuda Trust and Banking Company, Limited

The Bank of Tokyo, Ltd.



This announcement appears as a matter of record only

OHTO COMPANY LTD.

2,600,000 Shares of Common Stock

(par value ¥50 per share)

evidenced by European Depositary Receipts

ISSUE PRICE U.S. \$4.624 PER SHARE

(equivalent, at the rate of exchange adopted for the purpose, to \(\frac{\pm}{1}\),152 per share)

Daiwa Europe Limited

Baring Brothers & Co., Limited

James Capel & Co.

Daiwa Bank (Capital Management) Ltd.

New Japan Securities Europe Limited

The Taiyo Kobe Bank (Luxembourg) S.A.

U.S. \$100,000,000

GenFinance N.V.

Floating Rate Notes Due 1992 Guaranteed on a Subordinated Basis as to payment of principal and interest by



Société Générale de Banque S.A./ Generale Bankmaatschappij N.V. (Incorporated with limited hability in Belginni,

In accordance with the provisions of the Notes, notice is hereby given that for the six month Interest Period from 28th June. 1985 to 31st December. 1985 the Notes will carry an Interest Rate of 81°? per annum. The interest amount payable on the relevant Interest Payment Date which will be 31st December, 1985 is US \$439.17 for each Note of US \$10,000.

> Credit Suisse First Boston Limited Agent Bank

NOTICE OF REDEMPTION

U.S.\$75,000,000

Midland International Financial Services B.V

Guaranteed Floating Rate Notes 1994



Midland Bank plc

(Incorporated with limited liability in England)

Notice is hereby given that, pursuant to the provisions of the Trust Deed dated 22nd July, 1981 and Condition 5 (c) of the Notes, Midland International Financial Services B.V. has elected to redeem on 29th July, 1985 all of the outstanding Notes at their principal amount.

On 29th July, 1985, the date fixed for redemption, there will become due and payable on the Notes the principal amount thereof together with interest accrued to the date fixed for redemption. Payment of the redemption price on the Notes will be made on or after 29th July, 1985 at the principal office of European American Bank & Trust Company. 10 Hanover Square, New York, NY 10005, or at the specified offices of the other Paying Agents upon presentation and surrender for redemption of the Notes together with all coupons appertaining thereto maturing after the date fixed for redemption.

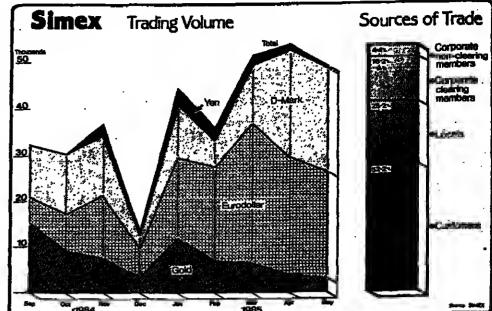
The coupons maturing on 29th July, 1985 should be presented for payment in the usual manner. On and after 29th July, 1985 interest on the Notes will cease to accrue and unmatured coupons shall become void.

Dated 28th June, 1985.

INTL. COMPANIES & FINANCE

Simex tries prize-giving to help put business on winning course

BY CHRIS SHERWELL IN SINGAPORE



has attracted less interest, partly because the currency has been more stable than the D-mark, but also because Japanese residents are not yet permitted to deal in foreign futures exchanges. As for the gold contract, this is reckoned to have reflected investors. to have reflected investors' preference for financial assets.

The different performances neatly illustrate what many participants call its

Of this figure, fully 3,207 were accounted for by the Eurodollar contract, and Mr Ng says in Simex's annual report published, this week, that this contract has shown the fastest "chicken-and-egg" problem. In the case of the yen and gold, an absence of volatility has dampened interest, but a lack of interest bas meant little busi-ness can be done. The "locals" —the individual Simex memgrowth. The D-mark contract has shown "modest success," be says, while the yen and gold contracts bave been "disappoint-ing" and "lacklustre." bers who stand ready to accept risks others wish to hedge gravitated naturally to Eurodollar and D-mark

One experienced analyst of futures markets points out that contracts are most successful when relative volatility is superimposed on what is basic-ally a bullish trend in the Chicago, under which positions opened on one exchange can be closed. on the other, was intended, at least from Singapore's point of view, to belp remedy this liquidity problem, and to judge from the figures it bas. Slmex says 30 per cent of its trading volume is accounted for by its members In the case of Simex, the Eurodollar and D-mark con-tracts have benefited recently

from perceptions that U.S. interest rates and the U.S. dollar may bave reversed paths. executing trades for customers. In the process banks and institutions have tried to hedge their interest rate and exchange rate are doing, however, is difficult to the trief.

risks, to gauge. Of the total of 130, By contrast the yen contract 30 to 40 are constantly active

NINE MONTHS after the Singapore International Monetary Exchange (Simex) started financial futures trading. Mr

Ng Kok Song, its chairman, bas given the first official verdict on its growth so far. His con-

servative judgment---"satisfac-tory"---is echoed by market users.
Simex is Asia's first financial futures exchange and is unique

in having a "mutuat offset" tink with the Chicago Mercantile Exchange, an arrangement which paves the way for roundthe-clock global futures trading. Like all futures exchanges, Simex's principal purpose is to

offer an opportunity for bedgers

When it opened last Septem ber, Simex offered a three-month Eurodollar interest rate contract and a U.S. dollar-D-mark foreign currency con-

behave the contract of the contract. Two months later trading began in a second currency contract, for the U.S. dollar against the yen. All three financial instruments followed the start of gold futures trading in Singapore to the contract of the contrac

apore some six years earlier.

Figures for the number of

contracts traded show an under-lyng growth over the first eight

months, despite a seasonal blo-cough in December and other

dips in reaction to specific market factors. Total daily volume topped 2,000 by Janu-ary, and the aim is 4,000 before

the end of the year. Last Friday was Simex's best single day yet,

in the pits. Others are still learning, while still others bave dropped out of sight, apparently

dropped out of sight, apparently holding on to their seats as an investment. Up to balf a dozen are reckoned to have lost most or all of their working capital. According to Mr Ng, if 15-20 locals surviva to become seasoned traders in three years' time, "we can count ourselves fortunate." Because so many have already turned out to be inactive, bowever, the exchange is making available a further 150 seats—on top of the initial 300. All are aimed at attracting new locals. ing new locals. Simex's next step Is to intro-

duce a Japanese stock index futures contract using the Nikkei average of 225 shares quoted on the Tokyo Stock Exchange. This is plainly a less "real" financial futures instrucontracts.
The mutual offset link with ment than the four existing items, and elsewhere such contracls have attracted mostly speculative interest. But that is precisely why it might prove a boost for Simex, because it should atimulate speculative support from locals.

Whether anyone else will be interested is another matter. Currently there are few close watchers of the Japanese stock market in Singapore, while the Japanese themselves are attracting to limited in what they can do abroad. Either way, Simex is planning to charge locals less instruments,

index contract, In the meantime, the Singacerned about the integrity of its financial institutions, is still in nnancial institutions, is still in the process of drafting special legislation to regulate the futures business in the island state. Simex itself has begun setting up its long-planned compensation fund to protect customers from the default of seconds. omers from the defoult of any

Simex member-Simex is also pressing ahead with its marketing efforts abroad and, more importantly, its general educational efforts at home. In August it is organat nome. In Adgust it is organ-ising a novel two-week open-competition, in which partici-pants can deal in the four exist-ing contracts and the biggest profit earner will win a \$\$10,000 (US\$4,465) cash prize.

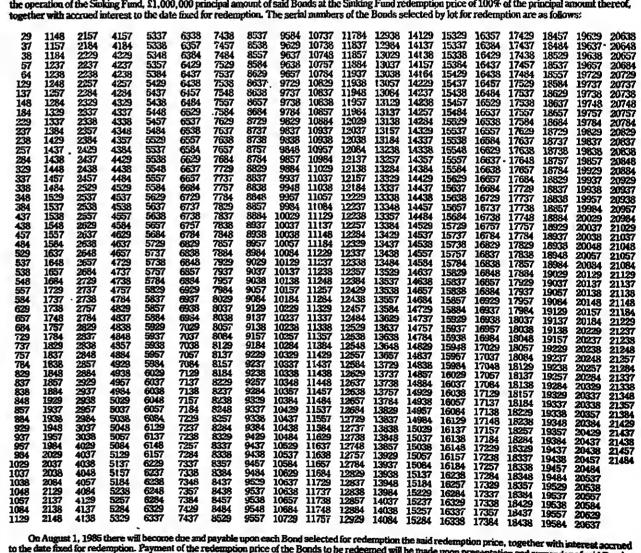
According to several Simer users, such wider education and understanding of the exchange and the way it works is desperately needed in Singapore and the several sev the rest of Asia if it is to achieve long-term success. Even the normally reticient Mr Ng, who identifies the first priority as developing liquidity in exist-ing contracts, says that in the longer term Simex should strive to be the institutional nucleus developing trading expertise in commodities and financial

Redemption Notice-

PEUGEOT S.A

£22,500,000 14% Bonds due August 1, 1990

NOTICE IS HEREBY GIVEN, pursuant to the Trust Deed, between Peugeot and The Law Debenture Corporation p.l.c. dated August 8, 1980 under the operation of the Sinking Fund, \$1,000,000 principal amount of said Bonds at the Sinking Fund redemption price of 100% of the principal amount thereof, together with accrued interest to the date fixed for redemption. The serial numbers of the Bonds selected by lot for redemption are as follows:



On August 1, 1985 there will become due and payable upon each Bond selected for redemption the said redemption price, together with interest accrued to the date fixed for redemption. Payment of the redemption price of the Bonds to be redeemed will be made upon presentation and surrender of said Bonds, with all coupons appertaining thereto maturing after the date fixed for redemption, at the offices of Citibank, N.A., 336 Strand, London WC2 and subject to applicable laws and regulations, at the main offices of Citibank, N.A., in Brussels, Frankfurt (Main), Paris, and Zurich, and at the office of Citibank anxembourg) S.A. in Luxembourg.

On and after the date fixed for redemption, interest on said Bonds will cease to accrue. Coupons due August 1, 1985 should be detached from the Bonds

presented for payment in the usual manner.

The following Bonds drawn for redemption in 1983 and 1984 have not yet been presented for

590 595 998 1002 1042 1044 1394 1397 12601 14770

After August 1, 1985 \$17,500,000 Bonds will be in circulation

June 28, 1985

For PEUGEOT S.A. CITIBANK, N.A., London As Principal Paying Agent (C.S.S.I. Dept)

A FIERCE struggle with extorists and racketeers, known in Japan as Sokoiya, has prompted 884 of the country's listed companies—representing some 83 per cent of those quoted on the atock exchanges which have year-ends in March—to hold their amual meetings on one day. The day is today.

Such a degre of co-ordination october 1982 when a revised

ine 23 1985

ces of Trade

Such a degre of co-ordination avert challenges by Sakolyo. Rehearsale of the meetings have already been held, with junior employees playing the role of Sokaiya in saking the company president every possible question. The Tokyo Metropolitan Police Department also plans 10 assign 2,860 staff to the meetings today in response to requests by the companies for a police presence.

Sokaiyo extract money from companies in which they hold a minimal shareholding by threatening to disturb meetings with barrassing questions. In exchange for payoffa, Sokoiyo offer various services auch as warding off troublesome questions from other shareholders, just remaining silent, or staying

operating, although the figure is beld out against the threats down sarply from the 3,500 before the revision of the law, according to nolice estimates. according to police estimates.

However, companies believe the number of Sokoiya is again on the increase and letters list-ing questions to ask at meetinga are staid to bave trebled this year.

Today 684 Japanese companies hold annual meetings in a joint bid to counter the country's extortionists and racketeers, known as "Sokaiya." YOKO SHIBATA reports.

commercial code was put into effect to eliminate their

commercial code was put into effect to eliminate their influence.

Under the revised law, those owning less than 1,000 sbares are barred from attending meeting. Executives can also be fined for providing any sort of payoffs or benefits, such as patronizing businesses run by Sokalijo.

At present, about 1,000

Sokalyo nowadays purchase the minimum 1,000 sbares in a victim company, then send a list of embarrassing questiona which they intend to ask at the meeting. New tactics also include prolonging the meeting wasking repetitive questions.

Meetings beld since the beginning of this year bave generally lasted much longer than those of the previous year.

charging for postage stamps and photocopying company documents requested by the

Sokoiya.

The 20 took turns in a marathon interrogation of manage-ment, questioning subsidiaries' ment, questioning subsidiaries; activities, inventories and over-seas debenture issues. As a result, Ascis executives bad to endure an 11½-hour meeting, the second longest in Japan's history, after Sony's 13½-hour meeting in Fehurary last year.

Sokaiya have become increasingly sophisticated, developing skills in accountancy and com-

skills in accountancy and com-mercial law.

In ferreting out information on hanks — which have expan-ded their activities markedly under the country's current financial deregulation Sokaiya are belived to have acquired a considerable knowledge of new financial instruments such as EuroYen bonds and floating rate notes, according to one official of one leading commercial bank.

Woodside plans rights offer

WOODSIDE PETROLEUM of Australia is to raise A\$208.3m 1U.S.\$139.5m) through a one-for-three rights issue priced at A\$1.25, Reuter reports from Melhanne.

Broken Hill Proprietary (BHP) and Shell Australia, which together hold '79.5 per cent of Woodside's 500m issued shares after their recent takeover offer, are to underwrite the

Matsushita Electric ahead BY OUR TOKYO AND FINANCIAL STAFF .

MATSUSHITA Electric Indus-

MATSUSHITA Electric Industrial, the world's largest maker of electrical appliances, lifted parent company pre-tax profits 16 per cent to Y121.5bn (\$489.1m) in the half-year to May 20, up from Y104.7bn.

Net profits advanced 7 per cent, from Y50.5hn to Y54bn, on asles which at Y1.646.5bn were up 9 per cent from the Brother Industries, a maker of sewing and business machines, said unconsolidated net earnings in the first balf to

Elscint faces court action

ELSCINT, the Israel-based medical equipment company quoted on the New York Stock Exchange, faces a U.S. court action following a slide intu losses in the year to March,

The company said the action under federal securities laws which together hold 79.5 per cent of Woodside's 500m issued shares after their recent take-over offer, are to underwrite the issue, The issue price compares with the current market level of A\$1.48

cent, from Y50.āhn to Y54bn, on aales which at Y1.646.5bn were up 9 per cent from the previous Y1.507.1bn. Earnings in the first balf to May 20 rose 9.1 per cent to W4.10bn from Y3.77bn. Sales were up 2.4 per cent to Y4.10bn from Y3.77bn. Sales were up 2.4 per cent to Y88.47bn from Y86.36bn were up 2.4 per cent to Y88.47bn from Y86.36bn

Brother said unconsolidated mate tearnings in the first balf to May 20 rose 9.1 per cent to Y4.10bn from Y3.77bn. Sales were up 2.4 per cent to Y88.47bn from Y86.36bn

Brother said the first six months had gone as expected.

The interim dividend was

Elders gives way on bank control issue

BY GORDON CRAMB

ELDERS IXL, the Australian Treasury pressure to take a group with wide-ranging ectivi-lies in farming, brewing and finance, is now resigned to surrendering majority control downturn in Elders' other divisions could adversely affect the plans to set up if it is granted financial position of the bank.

federal approval.
It applied last November for a full benking licence, follow-ling regulatory reforms enacted under the current Labor Government Clearance has not been readily forthcoming, however—a decision was originally expected by early this

foreign partner. Canberra officials have been concerned at

Treasury decision in principle in about three weeks, with formai clearance nine weeks from now,

Government. Clearance has not been readily forthcoming, however—a decision—was Ing activities in merchant bank—originally expected by early this ling and financial services would remain unaffected either way. He is nonetheles keen to have remain unaffected either way. He is nonetheles keen to have remain unaffected either way. He is nonetheles keen to have remain unaffected either way. He is nonetheles keen to have remain unaffected either way. He is nonetheles keen to have remain unaffected either way. He is nonetheles keen to have remain unaffected either way. He is nonetheles would be an in the services would remain unaffected either way. He is nonetheles keen to have remain unaffected either way. He is nonetheles keen to have remain unaffected either way. He is nonetheles keen to have remain unaffected either way. He is nonetheles keen to have remain unaffected either way. He is nonetheles keen to have remain unaffected either way. He is nonetheles keen to have remain unaffected either way. He is nonetheles keen to have remain unaffected either way. As 15.2m to total net profits of way.

Mr Eiliott said he expected a

"We will basically he a retail bank operating in rural Austries," said Mr Elliott. "We have strong links with the farmers but at the moment they have to go and bank elsewhere." He also confirmed that disposals by the group had more than met the requirements laid down by its bankers ahead of

the A\$998m purchase of Carlton and United Breweries (CUB) in December 1983. Asset sales since then hed

requised some A\$600m, compared with the A\$400m which the company had pleaged to raise in this way hy the end of Clearance for the tranche, of A\$60m, is due to tion

Ilan explorer.

Mr Elliott, who is due in November to take over the cbairmanship of Elders Resources, in which the larger company will have a stake of just under 50 per cent. He said the move was prompted by the need to bring clarity to Elders INL's disparate operations, as well as the give the new offshoot more

disparate operations, as well as the give the new offshoot more freedom to manoeuvre in making exploration investments.

Elders Resources did not necessarily want to take majority positions, as most Australian resource companies seem to do. We see ourselves seem to do. We see ourselves very much as 6 mining house."
For the parent, he acknowledged that the CUB acquisi-

ment analysts in London that he expected the perent to be oble to retain nnly 30 to 40 per cent in the proposed Elderbank. The bulk of the remainder would be offered to group shareholders, with about 15 per cent being placed with outsiders. Elders had initially hoped to be allowed a wholly-owned retail banking aperation, and bas strenuously resisted states a ledged that the CUB acquisitanche, of A\$60m, is due to come today from shareholders in Mungana Mines, the vehicle chosen by Elders for the spin-of the cuntry's agricultural sector, with which it is already of the country's agricultural

DAIWA EUROPE LIMITED ---JAPANESE EQUITY WARRANTS SERVICE.

ISSUER—Warrant Supiry date

Salinas y Rocha, S.A. (Incorparated in the United Mexicon States) (Incorporated in the United Mexicon States)

US\$25,000,000

Floating Rate Notes Due 1988
In accordance with the provisions of the Notes and the Agent Bank Agreement between Salinas y Rocha, S.A., and Citibank, N.A. dated December 23, 1981, notice is hereby given that the Rate of Interest has been fixed at 9% p.a. and that the intorest payable on the relevant Interest Payment Date, December 31, 1985, against Coupon No. 8 in respect of US\$5.000 nominal of the Notes will be US\$232.50.

June 28, 1985, London By: Crubank, N.A. (CSSI Dept.), Agent Bank

THE DREYFUS INTERCONTINENTAL INVESTMENT FUND N.V.

DECLARATION OF DIVIDEND

At the Annual General Meeting of The Drayfus Intercontinental Ar the Armuel General Meeting or The Dreylus intercontinental Investment Fund N.V., held in Curação on May 16, 1985, the Shareholders of the Fund, acting upon the recommendation of the Fund's Board of Directors, declared a dividend of S0.12 (U.S.) per fund's Board of Directors, declared a dividend of S0.12 (U.S.) per fund's Board of Directors, declared a dividend of S0.12 (U.S.) per fund. share to Shareholders of record on May 31, 1985. This dividend is payable on June tt, 1985 to holders of bearer shares upon surrender of Dividend Coupon No. 15 as attached to the share certificate, to one of the offices of the paying banks listed below. This distribution is being made from net investment income.

Morgan Grenfell & Co. Limited 23 Great Winchester Street London EC2P 2AX

Banque Internationale à mbourg 2 Boulevard Royal Luxembourg-Ville Luxembourg 2205

Deutsche Bank AG Grosse Gallusstr. 10-14 6 Franklunt/Main t

RoyWest Trust Corporation (Bahamas) Limited Mutual Funds Department P.D. Box N7788

Dividends payable on shares held in a Drayfus Intercontinental Voluntary Account will either be paid directly to the Account holder or cally reinvested, depending upon the election made by the Account holder when his Account was established.

Reports are available at the offices of the above-mentioned paying

Dreyfus GmbH, lanstr. 24, 8 Munich 22, West Germany.

US \$200,000,000 CONTINENTAL ILLINOIS OVERSEAS FINANCE CORPORATION N.V.

(Incorporated with limited liability in the Netherlands Antilles) GUARANTEED FLOATING RATE SUBORDINATED NOTES DUE 1994 Guaranteed on a Subordinated basis by

Continental Illinois Corporation

(Incorporated with Immited hability in Delaware, USA) In accordance with immitted nability in Delaware, USA)

In accordance with the provisions of the Notes and the Reference Agency Agreement between Continental Plinois Overseas Finance Corporation N.V. and Citibank N.A., dated June 24, 1982, notice is hereby given that the Rate of Interest has been fixed at 8% p.a. and that the interest payable on the relevant Interest Payment Date, September 30, 1985, against Coupon No. 13 will be USS213.78 in respect of USS10,000 according to the Notes. nominal amount of the Notes. lune 28, 1985, London

By: Crtibank, N.A. (CSSI Dept.), Agent Bank CITIBANCE

This announcement appears as a matter of record only

EDF®

Electricité de France

£100,000,000

Revolving Acceptance Credit with Associated Tender Panel

Unconditionally guaranteed by

The Republic of France

Provided by

Morgan Grenfell & Co. Limited

Algemene Bank Nederland N.V.

Lloyds Merchant Banking Group

The Mitsui Bank, Limited

The Bank of Yokohama, Ltd

The Dai-Ichi Kangyo Bank, Limited

The Long-Term Credit Bank of Japan, Limited

Banque Nationale de Paris p.l.c.

The Mitsubishi Trust and Banking Corporation

Arranged by

Morgan Grenfell & Co. Limited

This advertisement appears as a matter of record only.



AFRIBANK BANQUE INTERNATIONALE POUR L'AFRIQUE OCCIDENTALE:

U.S. \$50,000,000

Floating Rate Notes due 1995

Manufacturers Hanover Limited

Al Saudi Banque (A.S.B.)

Crédit du Nord

June, 1985

Girozentrale und Bank der österreichischen

Sparkassen Aktiengesellschaft

LTCB International Limited

THIS ANNOUNCEMENT APPEARS AS A MATTER OF RECORD ONLY.

JUNE 1985

Banque Indosucz

Daiwa Europe Limited

Kuwaiti-French Bank



POST-OCH KREDITBANKEN, PKBANKEN

U.S. \$250,000,000

EURO-COMMERCIAL PAPER PROGRAMME

CITICORP INVESTMENT BANK LIMITED MERRILL LYNCH CAPITAL MARKETS PK CHRISTIANIA BANK (UK) LIMITED

> CITIBANK, N.A. ISSUING AND PAYING AGENT

NOTICE OF PARTIAL REDEMPTION

THE KINGDOM OF DENMARK

Issue of US\$ 250,000,000 12½% Notes due February 27,1992 with 250,000 warrants to subscribe 12½ Notes due February 27,1992.

Pursuant to paragraph "Redemption and Purchase" of the Terms and Conditions of the Notes, notice is hereby given that as a result of the exercise of Warrants, Notes for the aggregate principal amount of US\$63,000,000 will be redeemable on July 29, 1985 at 101 per cent of their principal amount, together with accrued interest (i.e. US\$269.17 per denomination of US\$5,000) from February 27, 1985 to the date of redeemation.

Promoted. Times 200kg June 78 780 recemption.

The Notes bearing the following serial numbers have been drawn by lot in the presence of a Notary Public and may be presented to Kredietbank S.A. Luxembourgeoise, 43, Boulevard Royal, Luxembourg or to the other Paying Agents named on the Notes: | Col. |

Catan Laten Later Catan Factor Catan Catan

Serve Follow Follows
Belly Follow Follow
Ferre Follow Follow
Ferre Follow Follow
Ferre Follow Follow
Ferre Fo

Jahan Johan Johan Jahan Jahan

APPOINTMENTS

Move towards integration at ANZ and Grindlays

The husiness of Australia and New Zealand Banking Group (ANZ Bank) in London and Grindlays Bank is helog restructured. Mr Will Balley, group managing director, ANZ Bank, said that the ultimate objective is ts Integrate Grindlays operations into that of ANZ. For the time being Grindlays will cootinue to function as a separate entity. Operationally the ANZ Group is moving to one corporate structure. The global headquarters for the group will continue to be located in Melbourne. London will he the regional administrative centre for the UK, Europe, the Middle East, Africa and South Asia. The investment banking division under Mr Adrian Evans and including stockhrokers Capel. Cure Myers is being developed as 0 separate entity and will relocate in Citicape House in London by the end of 1985.

Mr Patrick Fearon has been appointed managing director of societies Mr David C. Blundell who remains on the boards and will become managing director of the parent Sogemin (Imited on the hoards and chairman of Sogemin (Metals) and Sogemin (Trading) when Mr Frank Gregory retires in December.

* The following have been appointed to the hoord of RACAL ELECTRONICS: Mr B. 3. Clarke, Mr D. J. Peacock, and Mr M. R. Richardson.

* From July 15, GODFRAY DERBY AND CO, stockbrokers, will incorporate Jolliffe Fliot and Cross, Bournemauth and C

Mr Jeffrey P. Addison has been

Mr Trevor Hails has been ap-pointed to the board of ATLAN-TIC COMPUTER SYSTEMS as financial director. Mr Hails was previously with Lloyds Bank and Lloyds Leasing.

appointed sales and marketing director of SCHRODER LEAS-

Mr T. George Wishart bas been appointed as finance director of WALTER ALEXANDER, the Scottish-based industrial group. He continues as company secre-

From July I, Mr Anthony Michael Haire, currenly manager, has been appointed to the board of CATER ALLEN BANK (JERSEY).

Mr Michael Wilson, senior partner of Sbeppards and Chase, and Mr Norbert Danville, general manager of BAII, hove been appointed to the board of BAII HOLDING,

Mr David Hillman has been appointed as sales director of VINTEN INSTRUMENTS. Recently he has been with the nuclear controls division of Fisher Controls, where he was marketing manager.

Mr Richard Lloyd Jones, at present a deputy secretary in the Welsh Office, is to be Permanent Secretary, WELSH OFFICE, in soccession to Sir Trevor Hughes who will retire at the end of

Mr Paul Rylatt has been appointed a director of TOWRY LAW (HOLDINGS), Hs will

From July 15, GODFRAY DERBY AND CO, stockbrokers, will locorporate Jolliffe Fliot and Cross, Bournemauth and Poole. Mr Richard Runt of Jolliffs Flint and Cross will then become a partner of Godfray Derby and Co and be the partner in charge of the Poole office. Mr Harold Nield, the former senist partner of Joliffe Flint and Cross, will become a consultant and Mr Stephen Nield, an associate member, will be responsible for the Bournemouth office. On the same day Mr Henry Holt, an associate member office. On the same day Mr Henry Holt, an associate member in the London office, will become a partner of Godfray Derby

NATIONAL BANK OF NORTH CAROLINA is to set up a capital markets division in its Londonmarkets division in its London-based merchant bank, Carolina Bank. Mr Michael Ross, who has been with the capital markets division of Orion Royol Bank for more than 10 years, will become the director beading the new unit. Carolina Bank is the ooly merchant hanking sub-sidiary of a regional U.S. bank in London. It recently acquired a 29.9 per cent stake in lasding stockhrokers. Panmure Gordan stockhrokers, Panmure Gordan and Co.

r of FIRST COMPUTER bas appointed Mr Michael Kannedy the as sales and marketing director. Has was with Systime, where be was group business manager for the santh-west region.

GRAND METROPOLITAN has appointed Mr R. Dickson managing director of Compass Services UK.

Mr Thomas Wooward has been elected a director, and Mr Ian Davis o principal of MCKINSEY & COMPANY, INC, in the

Management, joints of GATEWAY SOCIETY on July 1.

PORTMAN BUILDING SOCIET has appointed Mr Michael Parkinson as general manager from July 1. He succeeds Mr John Heard who has refred as chief executive hut who will remain a con-executive director.

Jotning the board of RACAL ELECTRONICS are Mr Barton J. Clarke, chairman of the Racal Radar Defeoce and Avionics group; Mr David J. Peacock, chairman of the Racal Marine and Energy Electronics group, and Mr Martin R. Richardson, chairman of the Racal Radio group, chairman of the Racal Radio group, edairman of the Racal Radio group, and chairman and managing director of man and managing director of Racal-Tecticom.

Mr Fred Bowerman, marketing director at BAYER agrochem division (Bury St Edmunds) retires on June 30. Mr Richard Parker, formerly sales manager, takes over as marketing con-troller on July 1. He has been sales manager for the past six

Chief executive for Carrier

Mr Peter B. Hamilton bas been oppointed chief axecutive of CARRIER INTERNATIONAL CORPORATION'S operations in the UK, Netherlands, Scandinavio and Eoglish-speaking Africa. He joins fram APV Holdings wybere be was group chief executive. Prior to that he was chairman and chief executive of two sub groups of GKN. Carirer is a subsidiary of United Technologies Corps, U.S. Technologies Corps, U.S.

Mr L. C. Hunting, chairman of the Hunting Group, has been elected president of the SOCIETY OF BRITISH AERO-SPACE COMPANIES for 1985-56. He succeeds Admiral Sir Raymond Lygo, managing director and chief executive of British Aerospace, who becomes deputy president, Mr R. H. Robins, managing director of Rolls-Royce has been elected vice-president and Mr A. H. Pope, chairman of Smiths Industries Aerospace ond Defence Systems Company has been elected treasurer for the coming year. Mr L. C. Hunting, chairman of coming year,

Mr H. M. Lyall-Cottle is to become a director and financial controller of the BARKER AND DOBSON GROUP. He was financial cantroller of the Driel Foods Group and of the retail division of the Argyll Foods Group. He has joined the group from Asda Stores where he was project controller.

* U.S. to be director af nlanning, medical products, in Cynamid's international division. Formica has promoted purchasing manager Mr Stan Brodte to director of ourchasing. He bod been distribution manager. Anpointed marketing manager is Mr Alan Holmes, He was manager of the company's business development group.

appointed a director of TOWRY London sfice.

LAW (HOLDINGS), Hs will

continue as managing director of Mr Robert A. Padgett, director Knowle, has appointed Mr Keith the BRITISH GREYHOUND Towry Law (Pensions Services) of finance for Postel Investment A. Sale as chief executive. He RACING BOARD.

will sit on the chairman's policy committee and remunerations sub-committee and have special responsibility for the UK and international financial services divisions. Mr Sale was a vice president of the sales division of Sun Life Assurance Company of Canada, following which he has spent several years in private practice.

Barclays forms

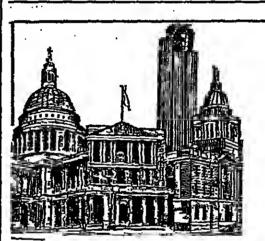
new division

BARC. AYS BANK has formed a financial services division consisting of Barclays Bank Trust Company and Barclays nit Unit Trusts and Insurance (BUTII. On July I the name of Barclays Ulincorn Group (BI'GL) will be changed to BUTI. which witt manage Barclaya Insurance Brokers International (BIBI). Barclays Unocorn and Barclays Life Assuronce Company. Mr Robin Hoyer Millar has been appointed a general manager of the bank with overall responsibility for the division. He will remain deputy chairman of Barclays Bank Trust Company and he deputy chairman of BuTI. Mr Nigel Mobbs, a director of Barclays Bank Trust Company following the retirement of Mr J. R. Henderson. Mr David Acland. a director of the Trust Company and chairman of BUGL has been appointed chairman of BUTI.

and chairman of BUGL has heen appointed chairman of BUTI.

Mr Mike Pitcher, managing director of BISCO and chairman in BIBI, has been appointed a vice chairman and managing director of BUTI. Mr Clive Fennsmith managing director of Smith, managing director of BUGL also becomes a vice chair-man of BUTI.

Mr Peter Marshall, who started Mr Peter Marshalt, who started in the R and D department of FORMICA at Tynemouth nearly 30 years ago, has been appointed managing director of the company from July 1. Formica Llmited's Amsricon parent, Formica Corporatioo, is now a free-standing saterprise, the purchase by a management group from the former owners. American Cyna. former owners, American Cynamid, having been completed. Mr Marshall's appointment coincides with the announcement that Formico Limited's managing directer mico Limited's managing directar
af the past two yeors, Mr Jack
Chandler, is returning to the
U.S. to be director af nlanning,
medicol products, in Cynamid's
internotionol divisioo.
Formica has promoted purchasing manager Mr Stan Brodte
to director of ourchasing. He
bod been distribution manager,
Appointed marketing manager is
Mr Alan Holmes, He was manager of the company's business



FINANCIAL TIMES CONFERENCES

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A CONTRARY APPROACH TO PRUDENTIAL CONTROL
Mr Gordon T Pepper Joint Senior Partner W Greenwell & Co

THE CITY REVOLUTION
- BUILDING UP A MAJOR GROUP Mr John G Quinton Deputy Chairman Barclays Bank PLC

THE LONDON SCENE AS VIEWED BY A MAJOR AMERICAN PLAYER Mr Stanislas Yassukovich Chairman

Merrill Lynch Europe and Middle East

PANEL DISCUSSION ON THE CITY REVOLUTION Featuring: The Hon Jacob Rothschild Chairman J Rothschild Holdings plc

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The Rt Hon Roy Hattersley, MP
Deputy Leader of the Labour Party Shadow Chancellor of the Exchequer

NEW SYSTEMS FOR LONDON Mr Morton N Weiss President

WHAT IS THE REFORM IN THE CITY MEANT TO ACHIEVE AND WILL IT ACHIEVE IT? Lord Bruce-Gardyne of Kirkden Former Economic Secretary to HM Treasury

National Security Traders Association, USA

THE LESSONS OF NEW YORK Mr Richard Lambert Deputy Editor Financial Times

To: Financial Times Conference Organisation

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Financial Times Printy June 30 1988

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THF will relaunch campaign for Savoy

IT LOOKS as though the nneasy truce in Trusthouse Forte's campaign to win control of the Savoy Hotel is ehout to end.

Isst night st 287.50, some way off the price at the start of the year.

Yesterday Lord Forta launched

In e departure from past accounting policy, THF has for the first time included its share of Savoy profits—rather than just its dividend entitlement—in its profit and loss account, under the title of "subsidiary company not consolidated."

At the same time, Mr Rocco Forte, THF chisf executive, said of the group'e large sharebolding in Savoy, "we heve sat quietly for two years and we are not going to sit quietly any mare more.
"We are looking et a number

of possibilities and they will know that we are here from now on," ho add d. "If necessary we'll take e legal route." Since the failure of its 1981 bid for the Savoy, THF has held a majority of the Savoy's ordinary shares, but has been nnable to win control of the crucial B shares, which are heavily weighted in terms of voting strength

Jennifer d'Abo

for Selincourt

By Andrew Arends
MRS JENNIFER d'ABO, the

flamboyant husinesswoman who took over and revamped the Ryman office equipment chain, last night won her battle to taka control of Selincourt, the fashion-

control of Selincourt, the fashion-ware and fahric group.

Last night it was announced that the £15m offer by Mrs d'Abo's "Shei" company Storm-gard had been eccepted by hoiders of 52.2 per cent of Selin-court shares. Along with 2.05m shares, representing 3.9 per cent of Selincourt on June 25 by

of Selincourt on June 25 hy Stormgard and a further 0.5 per

cent it picked up yesterday, acceptances totalling 55.25 per cent of Selincourt had been received, and the offer hecame

unconditional.
Stormgard was offering 13 of

stormgard was offering 13 or its own shares for every 10 of Selincourt, or a cash atternative of 28.6p per share. Last night Stormgard shares closed at 22p, down 2p, and Selincourt fell 14p to 25p. The Stormgard offer

down 2p, and Selincourt fell 14p to 28p. The Stormgard offer values Selincourt at £15m, or 28.9p per share.

The offer for preference shares had been accepted by holders of 35.23 per cent of Selincourt and has been declared unconditional.

Last night Morgan Grenfell, Stormgard's financial advisers, said that it would be necessary

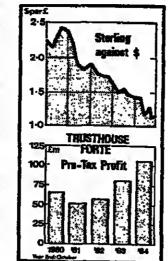
wins battle

another stinging attack against the Savoy and its top management, but ruled out any immi-nent moves to launch a new bld. nent moves to launch a new hid.

The hint of an escalation in
the Savoy battle eccompanied
THF's figures for the half-year
to April 30 1985, which showed
profits very much as expected
et £39.2m pre-tax, up from
£35.4m. The bulk of the increase came from UK and European hotel operations, with the U.S. contribution little changed. contribution little changed.

In London, occupancy rates rose by some 8 per cent, whereas in the provinces the increase was in the region of 5 per cent. This was in contrast to the performance in the U.S., where the industry as a whole chowed a downturn. Mr Forte said that the group managed a "slight increase."

one minor surprise in the accounts was the interest charge of £12.7m. This was an increase of £2.7m over the comparable period, hut was well down on recent analysts' estimates, which forecast a charge of around



1984 year.

Mr Rocco Forte, chief executive of Trusthouse Forte.

against a £19,5m figure for tha In the previous half the group realised £9.6m from such disposals and the full year is expected to see little change Last March, Lord Forte, the recent analysts' estimates, which group's chairman, indicated that forecast a charge of around THF was still keen to acquire the Savoy, but was not prepared to pay e "quite ridiculous price" charges look likely to come out pay e "quite ridiculous price" charges look likely to come out surplus on the disposal of of the share of disposal of the share of charges look likely to come out surplus on the disposal of the share of disposals, and the full year is such inclusion of the share of disposals, and the full year is such inclusion of the share of disposals, and the full year is such inclusion of the share of disposals, and the full year is 3.3m (from such inclusion of the share of disposals, and the full year is 3.3m (from such inclusion of the share of disposals, and the full year is 3.3m (from such inclusion of the share of disposals, and the full year is 3.3m (from such inclusion of the share of disposals, and the full year is 3.3m (from such inclusion of the share of disposals, and the full year is 3.3m (from such inclusion of the share of disposals, and the full year is 3.3m (from such inclusion of the share of disposals, and the full year is 3.3m (from such inclusion of the share of disposals, and the full year is 3.3m (from such inclusion of the share of disposals, and the full year is 3.3m (from such inclusion of the share of disposals, and the full year is 3.3m (from such inclusion of the share of disposals, and the full year is 3.3m (from such inclusion of the share of disposals, and the full year is 3.3m (from such inclusion of the share of disposals, and the full year is 3.3m (from such inclusion of the share of disposals, and the full year is 3.3m (from such inclusion of the share of disposals, and the full year is 3.3m (from such inclusion of the share of disposals, and the full year is 3.3m (from such inclusion of the share of disposals, and the full year is 3.3m (from such inclusion of the share of disposals, and the full year is 3.3m (from such inclusion of the share

£51.9m to £53m.

Although THF's catering and other operations again accounted for the bulk of sales, hotels once more provided by far the largest part of trading profits, with a 27 per cent increase from £27.7m to £35.2m.

This came out of sales 18 per cent ahead at £268m against £225.3m, with a near I point rise in trading margins to 13.1 per cent.

Catering and other operations turned in just £8.9m in trading profits an 11 per cent increase over the previous year's 26.2m, from sales ahead by £37m at £233.8m. Trading margins were steady at around 2.4 per cent. After a tax charge of £10.7m against £9.9m uet profits came out at £28.5m against £25.8m, or et 3.58p against 3.19p, e rise of 12 per cent.
The interim dividend is in-

creased from 1.125p per share to 1.27p. Last time there was a total of 4.74p from pre-tax profits of £108.9m. As regards the outlook for the current year, THF pointed out that the greater part of the year's profit is alwaye produced in the second half when the group's hotels henefit from the linflux of tourists to London and the home countles

Allied Colloids share price drops 27%

HIT BY development costs and increased raw material prices, the profits of the Allied Colleids Group of chemical makers fell well short of the £24m expected by analysts. The market reacted strongly, the shares closing \$8p down at 157p after touching 152p.

Profit hefore tax for the year ended March 30 1985 did show an increase of just over £1m to an increase of just over £1m to affects of the miners'

form the effects of the miners'

form the affects of the miners'

form the some tinvester and enable stocks market caplifalisation. The question now is whether last year'e performance was a simple hiccup or symptomacit of an adequate to be increased to an adequate to the anticipated or the anti down at 1879 after touching 1539.

Profit hefore tax for the year ended March 30 1983 did show an increase of just over fim to features linked with the fast an increase of just over fim to features linked with the fast fall in the second half from the effects of the miners' fill in the second half from the effects of the miners' fill in the second half from the effects of the miners' fill in the second half from the effects of the miners' fill in the second half from the effects of the miners' fill in the second half from the effects of the miners' fill in the second half from the effects of the miners' fill in the second half from the effects of the miners' fill in the second half from the effects of the miners' fill in the second half from the effects of the miners' fill in the second half from the effects of the miners' fill in the second half from the effects of the miners' fill in the second half from the effects of the miners' fill in the second half from the effects of the miners' fill in the second half from the effects of the miners' fill in the second half from the effects of the miners' fill in the second half from the effects of the miners' fill in the second half from the effects of the miners' fill in the second half from the effects of the miners' fill in the second half from the strike is estimated advances in one of its major raw materials in gross profit which was generated from e £18.5m lift in turnover.

The directors stress that some distribution costs at £1.5m for the year. The increase and there was an apparently continued to steam apparently cont

the shares in the ene-for-six issue at 185p. Hanson shares, which had stood at 222p before the issue was announced, closed yesterday at 182p, Transcontinental Services earns over £4m

Such a steep fall might also make abareholders reluctant to take up the 5.75 per cent convertible preference shares which the group is offering at the same time. Hanson is hoping to raise £370m from the new ordinary shares and a forther £149m from the convertible shares. Meanwhile, shareholders in English China Clays have until Monday to decide on the company's one-for-four issue of shares at 220p each. The shares, down up to 214p yesterday, have fallen from a

pre-announcement price of The Hanson issue has been maderwritten by merchant hank N. M. Rothschild and the ECC offer by J. Henry Schroder Wagg, its financial adviser. Each merchant bank will, however, spread the risk across dozens of financial institutions.

Flotations postponed because of market fall

Two companies have post-poned plans for Stock Exchange flotations because of market weakness which has sent the FT Ordinary Index down 68.6 points to 933.9 since the beginning of June. Tiphook Holdings, a con-

tainer leasing company, which was due to announce details of an offer for sale today and Advanced Music Systems, a sound recording equipment manufacturer, which was expecting to do the same on Monday, said yesterday that their issues had been

Yesterday's announcements did not surprise the City, which has grown wary of backing new issues in the past three weeks. Investment managers said that the market had had to absorb a tremendous amount of new stock. Funds were reaching the limits of their

resching the limits of their underwriting capacity.

Mr David Stapson, investment manager of the Standard Life insurance company, said: "Is the past two weeks underwriters have been making very cautious

The risks of backing a new issue were underlined yesterequipment.

Share of profits of associetes—deriving mainly from the IC Gas investment in Belgian public utilities through Antwerpe Gasmastschappij and Unerg—increased to £13.41m (£11.54m).

The results benefited from increased electricity and gas sales—though only marginally for the day hy the start of dealings in First Security, a company with interests to security, fire prevention and car safety. The shares, issued at 160p, closed at 120p. The brant of the loss fell on the underwriters after the offer for sale had attracted huyers for just 11 per cent of the shares. However, underwriters are more concerned about the possible losses they face in backing the two largest rights

ing.

Income from investments—
mainly from allied Belgian companies, Petrofina and Intercom
—advanced to £9.35m (£8.27m),
iargety as a result of higher
distributions. issues of the past month, a call for £519m gross from Hanson Trust and for £89m gross from English China Clays. Both issues appear to be in danger because the share prices have fallen below the offer prices.

Hanson Trust shareholders

have until next Thursday to decide whether to take up

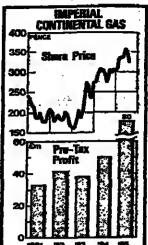
IC Gas leaps £30m with substantial gain from oil side

A FURTHER substantial rise in profitchility from oil operations hoosted pre-tax profits of Imperial Cootinental Gas Association by £30m to a record £80m for the year ended March 31, 1985. Turnover rose hy 19 per cent to £649.86m, against £546m. After e significantly higher tax charge attributable profits increased by 22 per cent to £42.22m equivalent to stated earnings per £1 share of 32.4p (26.7p). A final dividend of 9.25p net raises the total from 12.5p to 14.5p—tha sixth successive year that the rate of increase has been above 14 per cent.

cent.
All sections of the group showed an improvement. Oil operations profits leapt from fill 91m to fill 15m. on turnover of f92.71m (£37.15m). These gains reflected a full year's production from the Maureen and Forties oil fields, combined with the strength of the stepling price Forties oil fields, combined with the strength of the sterling price of oil during the year. However, there was some decline in sales of gas from the Hewett fields.

There was a significant improvement in industrial markets for compressed air products in the UK and ahroad, but these benefits were partially offset by continued weakness in international demand for construction equipment.

the asset the transfer of the latter—and from improved productivity. There was little movement in the average ex-change rate for the franc against



Belgium totalled £20.47m—up 9.2 per cent. The transport opera-tian was sold in October 1984. tian was sold in October 1984.

Overall group trading profits elimbed by 68 per cent to £79.66m (£47.52m). Net interest payable took £22.37m (£17.33m). The tax charge of £29.36m (£7.85m) was largely attributable to e first-time provision for petroleum revenue tax and to lower corporation tax losses in the group.

• comment . Imperial Continental Gas has

produced another very steady result—although the oil analysis clearly had a hard time in foreclearly had a hard time in fore-casting the performance of a group which is really a utility rather than an oil company. Heving exceeded most forecasts—it was almost donhie some of them — Imperial might have expected a warmer response on the market but the slippage was small, down 5p to 320p. Calor is entering e new dimension of expansion, away from cahinet heaters and towards more inte-erated gas supply systems aimed calor Group's turnover was up
7 per cent at £309.99m
(£289.25m) and pre-tax profits
rnse by 22 per cent from £23.77m
to £28.95m, maintaining the rate
of growth achieved in the previous year. Sales of Calor gas
and eppliances increased, helped
by two spells of colder than
average weather last winter, hut
gains in efficiency were largely
responsible for the improvement
in results.

CompAir Group moved back
into the bleck with e pre-tax
profit of £3.19m (£9.78m loss) on
turnover up 15 per cent to
£216.17m (£188.07m). The
surplus included £1.54m arising
from the sale of properties, but
was after charging redundancy
and restructuring costs of
£30m group capital spend should,
for the did to any great leam into and restructuring costs of 580m group capital spend should stall in the group's transport interests costs. On a prospective and property operations and p/e of 9½ (35 per cent tax) the head office costs, profits from shares do not look overpriced.

Storngards mancial advisers, said that it would be necessary for Selincourt's hankers to agree to continue with the present financial arrangements.

Fuller Smith
Fuller Smith & Turner, Chisvek-hased hrewer, raised prevax profits from £3.66m to £3.7m for the year ceded March 1985. There are no £3.7m for the year ceded March 1985. There are no £3.7m for the year ceded March 1985, on higher turnover of £3.62m, against £32.29m.

After tax of £1.7m (£1.45m), extraordinary credits of £969.000 dehits) and preference dividends, ettrihutable profits came out abead from £1.1m to £2.93m.

Earnings per £1 shere of this USM company were up from £1.1m to £2.93m.

Earnings per £1 shere of this USM company were up from £1.1m to £2.93m, extraordinary to £2.529 and the dividend to tax is 6.5p (5.25p) net with a final of 4.1p.

Atter tax of £1.7m (£1.45m), extraordinary credits of £5.7p.

Earnings per £1 shere of this USM company were up from £2.15p of £2.25p and the dividend to £2.250m.

Earnings per £1 shere of this USM company were up from £2.15p of £2.25p and the dividend to £2.250m.

Earnings per £1 shere of this USM company were up from £2.15p of £2.25p and the dividend to £2.25p of £2.25p

Adverse stock market specula-contacts with the BoE were, he tion could lead Thorn EMI, the said, in connection with the electronics and entertainments troubled Sinclair Research, of

Thorn denies market rumours

group, to advance publication of its results for 1984-85 by a week from July 11 to July 5.

Mr Robert Nellist, the group's finance director, yesterday denied rumours of e balance sheet trisis and possible Bank of electrical sector, were down 17p

Portsmouth and Sunderland Newspapers, plc Points from Sir Richard Storey's statement to shareholders A Substantial Improvement in Trading

Group C.C.A. profit of £1,448,000, before tax and sale of Reuters shares, increased 34 percent on last year's £1,077,000. The main cause is improved trading profit at The News Centre, Pertsmouth, which withstood an official strike called by the National Graphical Association, some of whose members obeyed their head-office instruction. Recently the National Union of Journalists' vacillating head-office negotiators similarly instructed its members in the Company, some of whom obeyed. The overall financial effect of these disputes was nil. Nevertheless they are to be deeply regretted as they inconvenienced customers on whom we all they inconvenienced customers on whom we all depend for our livelihood; they imposed heavy hurdens on all who continued to work normally; they achieved absolutely nothing for either trade

Out intention to introduce modern newspaper technology, and single key-boarding in particular, remains resolute. The disputes delayed negotiations and the target date was missed, but our position has never been stronger nor better-supported by our employees.

The new industrial relations laws greatly help the Company's resistance to intolerable trade-union constraints. The time has never been better for employers to reduce unit costs and improve product quality. It is only a pity that some who earlier were crying "forward" the loudest are now silently walting for others to

Past investment in employee relations, helped by the Industrial Society ably directed by Mr J. Garnett, was o major means of gaining staff loyalty. This investment can now be seen to be as important as any we made.

An Employee Share Scheme was introduced and £88,000 allocated to it. Ownership of shares will further encourage employees to work in the best interests of their Company.

All problems with the new Portsmouth presses have been satisfactorily resolved. Non-trading income was reduced by last year's charge for the medium-term loan to finance the Portsmouth presses. Some of the Company's Reuters shares were sold and the proceeds, with the improved profit during the year, lower capital expenditure, and refund of last year's

corporation tax, combined to reduce borrowing

The News Shops showed a trading profit of £220,000 from which was struck exceptional expenses giving net profit of £164,000.

While this Company's share of total advertising

grew over the last ten years, that of the provincial Press generally scriously declined. In 1984 that decline stopped. Some companies, somewhat surprisingly content to give away their newspapers, have also been giving away their schooling may be a so been giving away their advertising space.

There are signs that the unrealistic reliance by advertisers on television is waning here as in the U.S.A. It is now, therefore, particularly appropriate for provincial newspapers to promote advertising in their own medium the value of which has been greatly underestimated by those allured - often wrongly - by the glamour and glitter of television's sometimes wasteful and unpopular coverage.

Cable Television, Free Newspapers, and the New National Daily

National Daily
We made three significant tovestments: in
Croydon Cable Television Limited, in free
newspapers (Weekly Courier Publications,
Morpeth, Limited), and in Mr Eddy Shah's
national newspaper (News, U.K., Limited).
These could prove of great long term
importance. I believe it relevant to recall
Bacon's remark; "He that will not apply new
remedies must expect oew evils; for time is a
great innovator."

Communications and Employee Relations

Communications and Employee Relations
Training Limited (CERT) worked for many
respected companies including Mobil North Sea
Limited, Otis Elevator Company Limited,
Sperry Limited, and Spicers Limited.

Relevant National Matters

We supported the Newspaper Society's attempt to persuade newspaper unions to agree the proper use of technology. Although the unions rejected the industry's offers, some provincial newspapers now do more than just talk about technology's possible benefits. I congratulate two offices (in Wolverhampton and Kent) using single-keyboarding: these independent and welcome actions strongly support us.

I hope the Society's evidence to the Peacock Committee will show it would prejudice newspapers were the B.B.C. permitted, while being partially funded by licence fees, to accept advertising and so offer subsidized rates to undercut competitors.

I regret the Independent Broadcasting Authority reversed its decision to prevent radio stations competing with newspapers by producing their-own. Government should redress this unfair balance by permitting newspapers to compete with radio stations.

The world's leading hotel and catering company Results for the **HALF YEAR** to 30th April 1985

	Healf Year to 30th April 1985 Em	Helt Year ad 30th April L 984 Erry	% Change	Year to 31st October 1984 £m
Sales	551.9	473.2	17	1131.4
Trading Profit Interest	42.1 (12.7)	33.9 (10.0)	24	114.9 (19.5)
Property and investment disposals	6.5	9.6		9.2
Share of profits of subsidiary company not consolidated	3.3	1.9		4.3
Profit before Taxation	39.2	35.4	11	108.9
Profit attributable to Shareholders	27.9	24.9	12	76.8

Trading for the first six months has been comfortably ahead of last year and we look forward to a full year of continuing progress.

The interim dividend has been increased by 121/2% to 1.27p per share (1984: 1.125p per share).



For reservations at any of our hotels worldwide, ring our booking office on 01-567 3444; contact your travel agent or ring the hotel direct.



NOT	ICE TO LOM	BARD DEPOS	SITORS
	Rates for deposition entitled to receive grow interest	Rates for depositors entitled to receive net interest	Grove equivalent to e busic rate tex payer
	14 Mini	Days Notice	Đ o
	123/8%	9.25%	13-21%
	Cheque When the	Savings Ac	counts
	.11% %	8-87% a belance is £250 to \$	12.68%
	978 %	7-38%	10.54%
رع ال	interest is change,	credited on each public but not less then half	shed rate yearly.
		ombaro	
	No	rth Centra	
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High Low Company Price Change Gross Yield Fully
650 300 Mininguae Holding NV ets — 6.9 1.1 26.9 25.8 120 31 Rubert Jenkins — 68 +1 e.0 7.4 — 8.5 120 28 Scruttona "A" 33 +1 e.0 7.4 — 8.5 120 27 120 120 120 120 120 120 120 120 120 120

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June 28 1083



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omment post Krist ment have ye the attitude of the state The second of th trape ... market hat the space of the district a track of the galaxy. Are the space of the sp ngt materal (No effette : Tyet over Brand ?

A. 4 et rumours

s £30m l side

nationalist fears over Bell Arthur Bell & Son, the Scotch whisky distiller, will continue to be managed from Perth as an autonomous company if Guinness's £295m takeover bid is successful. Guinness pledged in its formal offer document sent out yesterday.

its formal offer document sent out yesterday.

In terms clearly couched to assuage Scottiab national sentiment, Guinness said it intended Bell to become, once again, a successful growth company, "successful for Inveators, Scottish jobs and Scottish sxports."

One of Guinnesse's fears is that the issue of Scottish iodustrial independence could become the reason for a referral of the bld to the Monopolles Commission.

Sion.
Guinness said in its document that Bell would be subject only to overall strategic direction and the normal disciplines of financist

Electric's announcement yester-day of a modest rise in pre-tax profits to £18.1m sent the sbare

price down 20p to 220p.
This was despite a good over-

seas performance, the likelihood of eliminating losses at the insulstors' subsidiary in the current year, and the confident tone of chairman Mr David Robertson's statement. The shares later made a partial corre-

shares later made a partial comeback to close at 230p.

Mr Robertson pointed out that

both sales-up from £117.8m to

£127.1m - and profits increased against a background of the miners' strike, high interest rates

and cutbacks in nublic expendi-ture, which combined to produce

difficult trading conditions in the

insulators, which experienced a difficult year in s very competitive environment. With turnover down from £4.5m to £3.2~ the division was unable to cover

overheads and there was a loss of £0.6m against a comparable

The insulators moulding sctlvi-

LADBROKE INDEX

938-942 (nnehanged)

Tel: 01-427 4411

particularly affected



Guinness seeks to allay

Mr Ernest Saunders, chief

the normal disciplines of financisi reporting.

It argued that Bell had been beld back by its inability to market Scotch whisky effectively in the U.S., by its failure to maintain market share at home and by its inshility to make *ny significant profits from its costly acquisitions.

"Bells has been a successful company in the past but bas now lost its way." Guinness said.
"Unless major changes are made in the way it is managed, Bell's

do the same for Bells, it argued. It described the key beoefit of the takenver as the combined ability of the two companies to exploit Bell's potential in overseas markets.

Guinness compared an investment of £1,000 made lo September 1981 in Bells, with a notional investment in the FT-Actuaries Brewers and in Guinness itself. By May 1985 it would bave risen to £1,788 in Bells, £2,347 io the Index and £5,294 in Guinness.

The decline in the Guinness

The decline in the Guinness share price since the bid was announced on June 14 was wiped f32m off the value of the bid. At yesterday's price of 248p, unchanged on the day, the offer of nine Guinness shares for every 10 Bell shares is worth 222n par shares. 223p per share. This was 15p below bell's closing price of 238p, after a rise of

MK £2m lower than expected ANALYSTS expecting ties are being moved from Kent respectively over the previous \$20m for 1984-85, MK to north Wales, which the chairle's aunouncement yesteris a modest rise in pre-tax overall costs. The closure of hte in the Middle East.

tes are being moved from Kent to north Wales, which the chairman says will ensure lower overall costs. The closure of hte Kent premises and the transfer led to a charge of £1.5m below the line (£1.8m cbarga for deferred tax). MK Electric bas merged with the corporate throng from the electricals and electronics sectors to further disappoint the market. Outside forecasts had centred around £20m pretax and white some unease obviously developed in the last few weeks which undermined the price, the shares still had room to fall a further 10p to 230p yesterday. The reason for the disappointment can largely be placed on the shoulders of Insulators where there was a £0.8m turnround into the red before rationalisation with Ega. Also it is a fair bet that the profits are a reflection of the new chief executive's broom working overtime. So even with sluggish demand from the local authority sector, profits could come out around £18m to £20m this year. That will not £20m this year. That will not £20m this year. That will not £20m this post. That will not £20m this year. That will not £20m this post. That will not £20m this year. That will not £20m this year. That will not £20m this post. That will not £20m this year. comment deferred tax).

In contrast to the depressed bome market, the group experienced a 28 per eent increase in sales overseas to a record £38.1m (£29.7m). representing 30 per cent of group turnover. Most of the growth came in the Middle East, where sales rose from £12.6m to £19.4m. sales rose from £12.6m to £19.4m. Despite the disappointing results, and a drop in stated earnings per share from 22.5p to 30.3p, the dividend for the year is lifted from 9.4n to 10 amper share with a final of 6.8n The group has a strong casb position, says the chairman, with net liquid funds at March \$1 of nearly £17m. Funds cenerated during the year totalled £6.3m after fixed asset expenditure of £9m, mainly on plant modernisa-Retained profit for the year was down from £5.7m to £5.9m, after tax at £6.9m (£3.6m), extraordinary charges and the bigher dividend (£3.8m against £3.5m).

In the worldwide division, the In the worldwide division, the chairman says that was another target although it is difficult to good year with turnover and see a predatur with sufficiently profit showing increases of 10 ailled activities to believe two per cent and 11 per cent plus two could equal five.

MAI £25m rights to fund U.S. acquisition

By George Graham

UK COMPANY NEWS

Milis & Allen International is buying Gintelco Group, a Naw York-based corporate bood

The money-broking and finan-cial services group will pay \$30m (£15.5m), and up to \$5.5m more on a sliding scale if Gin telco's annual pre-tax profits over the next three years average more than \$3.96m. The purchase will be funded

The purchase will be funded by a procedure combining a conventional £25m rights tissue with some of the aspects of a vendor placing.

Some 9.83m new ordinary shares are to be issued, and then bought from Ginielco's vendors by Hambros Bank. They will be offered as a rights issue to Mills & Allen shareholders on the bacis of two for nine at 285p.

Mr Clive Hollick, groun managing director of Mills & Allen, said that it was felt appropriate for sareholders to be given an onportunity to subscribe since shares are being issued at a discount.

discount.

The acquisition rates Gintelco at 8.4 times earnings on the assumotion that the eventual price is \$22.75m. Its net asset value is \$5m.

value is \$5m.

Mills & Allen will buy at par a further \$12.4m of cash, represented by unsecured loan notes. Of this \$8.4m is believed to be surplus to Ginlelco's requirements and will be msde available to Mills & Allen.

Gintelco's main business as is an intermediary between dealers in the U.S. corporate bond market, where it competes principally with companies such as Mabon Nugent. Mills & Allen's subsidiary, Garbon Gilts, is oroosing to act as an inter-dealer broker in the London gilts market.

broker in the London gilts market.

Gintelco made pre-tax profits of \$4.53m in 1984, after adjustments, on turnover of \$21.85m. Market conditions in the first five months of the year have been exceptionally fevourable.

been exceptionally fevourable, as corporate treasurers issued a mass of debt against the background of falling interest rates. Profits for the period rose to \$3.93m as humover nearly doubled to \$12.56m.

Mr Hollick said Gintelco's settifies would complement Mills & Allen, which has subsidiaries active as brokers in U.S. government securities. Eurobonds, Canadian government bonds. Canadian government bonds. U.S. mortgages and muni-cinal bonds.

wills & Allen says that its own profits in the balf year ending June 30 will be higher than the £12 6800 earned in the first half. and inlends to propose a final dividend of 12p net. This will bring the total dividend for the year to 16p, up from 14p last

The rights Issue is under-written by Hambros Bank. Brokers to the Issue are Laurie Milbank and Rowe & Pitman. MINING NEWS

Broken Hill and GE in £165m coal deal

Australia's Broken Bill Proprietary (BHP) has come one step closer to completiog the series of deals, costing a total of over U.S.\$ 2.5bn, which will bring the vast "down-under" coal resources cootrolled by General Electric of the U.S. into local ownership.

BHP said that the acquisition would be effected by Ulah pure

BHP has anoounced plans to acquire GE's remaining 8.5 per cent equity stakes in two Queensland coal joiot ventures for atotal of U.S.S 222.5m, (£164.7m). The purebase will he effective from the eod of this mooth.

The deal would mark the end The deal would mark the end of GE's involvement in the Australian coal industry. The U.S. group was left with a residual holding of 15.5 per cent in the two veotures after the original sale to BHP, but Bell Group has already exercised an option to pickfl up a further 5 per cen, and the oulstanding 2 per cent stake is to be abld for \$50m to Pancootinental Mining by the ned of this month.

national division, which was The interests in Gregory would acquired from GE in April last be the same apart from the year. That deal cost BHP \$2.4bm, absence of Mitsublisht.

BHP said that the acquisition would be effected by Utah purchasing all the issued capital of General Electric Minerals, which will he recommed Utah Queensland Coal.

Utah is negotiating with Queensland Coal Trust the possibility of that company acquiring s further 3.25 per cent direct participating interest in the two ventures. The price

the two ventures. The price would be on the same basis as esrlier deals with a figure of \$25m payable for each percentage point stake.
If this deal takes place, Utah's

stske in CGCA would rise to 40.25 per cent, and the interest in Gregory would be 52.25 per cent. Other Interests in CQCA S50m to Pancootinental Mining
by the ned of this month.

The two operations concerned
are the Central Queensland Coal
Associates (CQCA) and Gregory
joint ventures, hoth managed
by a unit of BHP's Utah International division which was

The interests in Gregory would

Steady outlook for gold

THE GOLD prire in terms of equal, the group's gold opera-South African ransd can be ex-pected to remain around current year, at least in local currency levels, according to the directors' terms. The comparative weak-

South African ransd csn be expected to remain around current levels, according to the directors' review of operations in the latest annual report from Anglo American Corporation, one of the world's leading producers.

The report offers no forecast of profits for the year to March 31 1986. Thet will be to woit for the release of the chairments is statement from Mr Gevin Relly, expected shortly before

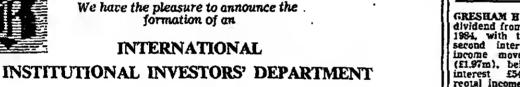
31 1936. Thet will be to will for the release of the chairmsn's statement from Mr Gevin able to report record profils in Relly, expected shortly before spite of the low dollar gold the annual meeting in August.

Never the less, the inference is that, all other things being cressed dividends.

DIVIDENDS ANNOUNCED

Allied Colloids	10		1.4*		1.04
	1.6		1.4	2.3	1.9*
Anglo Nordle		-	1	1.4	1.41
Celestion Inds		Aug 14	1	1	1
Electric and General	2.5		1.8	3.6	3.15
Fuller, Smitht	4.1	Ang 20	3.25	6.5	5.25
Gresham House 2nd int	3	_	2.6	4.4	4
IC Gas	9.25	Aug 9	g.5	14.5	12.5
Kleen-e-Ze	4		4	5	5
James Latham	8.25		7.5	13,25	11.75
Longton Industrial	2	Oct 19	2	3	2
MK Electrie	6.8		5.2	10.2	9.4
Moorgate Mercantile	.1,	-Oct 1.	0.9	1.45	1.3
Speyhawk	2.52	July 31	2.		8.4
Transcon Services	-61		6	9.57	9.57
Trusthouse Forie Int	1.27	Oct 1	1.13	_	4.74
Walker and Staff	1.7		1.65	1.7	1.65
West's Group		Aug 9	3	5.5	5.5
Whitworth's Food! int		July 31			
Dividends shown pence pe	er share	net except	where	otherwi	se stated.
Equivalent after	allowin	for scri	p issue	. t Or	capital
increased by rights an	d/or	contsition	issues.	‡ US	M stock
I For 16 months. # Gross	through	chout.		,	
		9-10			

COMPANY NEWS IN BRIEF



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GRESHAM HOUSE is raising its dividend from 4p to 4.4p net for over rose to £11.37m |£7.64m).

1884, with the payment of a second interim of 3p. Total income moved up to £2.25m and dividend held at 9.1p net income moved up to £2.25m with final of 5.1p.

Current year has started with higher level of activity. All companies are concentrating on and subsidiaries income £534,000 (credit £58,000) and minorilies £177,000) lesving £12.000 (credit £58,000) and minorilies £177,000) lesving £17.000 (credit £77,000) lesving £12.000 (credit £75.000 (credit £75.000 (credit £75.000 (credit £75.000 (credit £75.000 (credit £75.000 (cred

£346,000 (£404,000). Earnings are shown at 8.4p (9.8p). WHEWAY WATSON (Holdings). chsinmaker, eogineer end forger, incurred pre-tax losses of £480,000 (£45,000) in the 26 weeks to March 30 1985. Turnover fell to £7.1m (£9.91m). With the miners' strike resolved and the major loss-maker sold the company is looking to report a trading profit for the second half. Loss per share for the first half

amounted to 1.69p (0.16p). BRAITHWAITE AND CO Engineers bas suffered a drop in profits from £336,000 to £148,000 in the year ended March 31 1985 and blames this mainly on the effect of changes in management structure and organisation at associated depots closed. Trad- for an unchanged total of 5p.

Current year has started with bigber level of activity. All companies are concentrating on improving efficiency and increasing volume of sales, and directors hope to report a continuing improvement in overall trading position. They are confident that changes at Structural will bring increasing benefits.

WESTERN MOTOR Holdings has cut its Inss from £755,000 to £475,000 for 1964, of. which £206,000 is applicable to activities terminated or to be terminated. There is no dividend on ordinary, but preference for six months ended June 30, 1985 will be paid. Net asset value is given as £1.13 (£1.67). Turnover was £37.77m (£39.66m) and operating profit £312,000

was achieved on turnover up slightly st £4.58m [£4.2m]. Losses per share came out at 4.65p (1.18p earnings). The final dividend is passed, as was the interim. As part of the company's reorganisation into an operator of discount retail clothing stores it is proposing to change its name to Top Value Industries.

KLEEN-E-ZE BOLDINGS, maker for six months epded June 30. KLEEN-EZE BOLDINGS, maker 1985 will be paid. Net asset of energy-saving devices, brushes value is given as £1.13 (£1.67). and cleaning products, returned Turnover was £37.77m (£39.66m) lower full-year taxable profits of snd operating profit £312,000 f268,000, against £311,000, on (£78,000). Need to reduce turnover down from £13.86m to interest-bearing debt dominated £13.15m. Earnings per share for all decisions taken, any directors. the period to end-March 1985 In car delivery division certain amounted to £18p (7.32µ). The contracts were discontinued and final dividend is being held st 4p associated depots closed. Trad-

Compagnie Francaise des Pétroles

Compagnie Française des Pétroles in 1984 Annual Shareholders' Meeting of June 21, 1985

The Ordinary General Shareholders' Meeting of Compagnio Française des Pétroles, held on June 21, 1985 with Mr. François-Xavier Ortoli, President, in the Chair, approved the accounts for 1984, All the resolutions were adopted. This was followed by an Extraordinsry General Shareholders' Meeting during which the change in the corporate identity of the Company to Total Compagnie Française des Petroles was formally approved. In his address, the President without wishing to grejudge the results for the year es a whole, stated that first quarter results for 1985 reflected "an encouraging rate of advance." He stressed however that the situstion in the refining and markeong sectors gave cause for concorn, especially in França, and that the international oil market, after a period of stability in the early part of the year, was now trending downwards.

Mr. Ortoli pointed out that thenks to the recovery begun in 1983 and consolidated in 1984, the investment rhust would be intensified in the "upstream" sectors of exploration and field development it is to be sure in the production of oil and gas that the greater part of the Company's profits is achieved. Hs went on to emphasise the att-importsm role, in the unstable market we know today, played by international trading as regards the Company's applies and outlets.

The President also paid tribute to the work of his predecessor.

Mr. Rena Granier de Lilliac, President of the Company from 1971 to 1984, who "during a period of taxing change showed himself the equat of tha founder, Emest Mercier, and of the war, namsty Victor de Metz".

Highlights of 1984

Highlights of 1984

* Exploration: Encouraging results have been obtained in France (Viteperdue, Meluni, the British North Sea, Indonesia, the United States as well as in Australia and Angola. Results in the Paris Basin, where the Vileperdue field has now come on stroam, are particularly significant. In the United Statos, the Company has decided to carry out its own exploration organime in conjunction with and, if necessary, in association with its subaidiary TOP(NAI.

* Development and Production: Development and production expenditures have increased very sharply mainly

production expenditures have increased very sharply, mainly because of the scope of the work carried out in the UK on the large-scale Alwyn North project, in the Notherlands and in todonesis.

* Refining and Marketing: Modernisation of the refining tool has consisted in equipping certain units with conversion facilities and in shuffing down those units no longer able to meet the demands of the market. The adaptation and transformation of the distribution network have been steeped up.

* Uranium and Coal: Persistently soft uranium onces have led the company to maintain its position without seeking to extend it. The same holds good to its coal assets and for the

* Results and Dividend: CFP (parent company) net earnings in 1984 amounted to 1.08 billion hancs compared with 524 million francs in 1983 and earnings distributed to 553 million francs (compared with 437 million francs). The total yield per share came to 27 francs (dividend plus tax credit). Date of dividend payment: June 28, 1985.

The General Meating ratified the appointment as Directors of the Company of Mr. François-Xavier Ortoli with effect from October

5, 1984 and Mr. Edouard de Ro	yore with effect from Apr	il 3, 1985.
ome figures on the Gr	oup:	
esources	1983	1984
il (Million Tons)	43	45
as (Billion m)	5.7	6
esults (Consolidated, in bill	ions of Francs)	
ales	139.8	158.7
in France	55	56
Abroad	84.g	102.7
ash Flow	8.1	g.7
mings	0.42	1.3
et Investments	6.8	7
The beautiful ICe	Diameter and	distance in

The brochure 'Compagnie Française des Pétroles and the Total Group in 1984' is available in English and French from Servica Diffusion, 5 Rua Michel-Ange, 75781 Paris Codex 16, France.

Compagnie Française des Petroles has changed its name to **Total Compagnie Française des Pétroles**

Total Compagnie Française des Pétroles

Total Compagnie Française des Petroles has become the new corporate identity of Compagnie Française des Pétroles, This decision was taken, following a recommendation of the Board of Directors, by an Eatraordinary General Meeting of Shareholders held on June 21 subsequent to the Ordinary General Meeting.

Total has for the last thirty years been this trademark of the Group In France and abroad, it is also a mesns of identification used to designate the majority of the Group's affiliates, irrespective of the sector—exploration, production, refining or marketing—to which they belong, Lastly, it is the name by which the Group is known as a whole.

a whole.

The Group's psrent company left it could not stand aside from this development, and therefore decided to add Total to its name, in development, and the second of the second o order to adapt to the realities of econom ic life and to reinforce t image of a united, sasily recognizable and cohesive group.



AEGON nv established at The Hague

US\$25,000,000 71/2% convertible subordinated debentures due 1988/1982 AEGON nv

We hereby announce that as a consequence of the split of AEGON no ordinary shares of Dfl. 10.00 into ordinary shares of Dfl. 5 00 with effect from June 14, 1985, the conversion price according to the meaning of article VIII of the Trust Agreement of June 15, 1977, should be altered to 83.51 shares per debenture of US \$1,000 nominal (previously 41.76)

The Hague, 28th June 1985 The Executive Board AEGON Insurance Group - International growth from Dutch roots

Extracts from the Annual Report for the year ended 31st March 1985

Profit before taxation for the year increased to £10,896,000, the highest level achieved by the Group.

Sports Services

Sports news services enjoyed another year of profitable progress as they continued to adapt to the needs of a changing market.

Financial and Business Services

Year of high achievement in these businesses as they developed to serve a rapidly growing sector of the economy.



ACHIEVE HIGHEST PROFIT

Printing

Burrups Printing Group excelled with superb turnover and profit figures.

Advertising and Public Relations

All parts of the Royds Advertising Group contributed to a record year in turnover and rate of growth. Operating profit nearly doubled.

Publishing

Benn Brothers' profit again rose substantially and in two years has more than doubled.

Computer Systems

Digital Microsystems in the U.K. had a year of rapid expansion, sound progress and good profit although there was a setback in the U.S.

Future

The Directors are underlining their confidence in the future by recommending an increase in 9 9 the final dividend.

> ManNowsher Alan Brooker, Chairman

For a copy of the Annual Beport please write to The Secretary roup PLC, Extel House, East Harding Street, London EC4P 4HB

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UK COMPANY NEWS

THE SCOTTISH AGRICULTURAL SECURITIES CORPORATION

The Fifty-second Anneual General Meeting of Shareholders of The Scottish Agricultural Securities Corporation plc was held within the Registered Office of the Corporation on 27 June 1985. Mr Alexander J. Reid, Senior General Manager (Banking) of Tha Royal Bank of Scotland plc, Chairman of tha Corporation, presided and, in moving the adoption of the Report and Accounts, said:

moving the adoption of the Report and Accounts, said:

Last year, I am pleased to raport, saw an Increase in loans completed from £980,000 to £2,047,000. Premature repayments fell from £1,175,000 to £826,000, and net new lending amounted to £782,000. For the entire financial year, indeed from £0 October 1983 to the data of this Report, the Corporation's rate of interest has ramained unchanged at 12½. The Directors left that it was correct to hold the rate despite the marginally higher average base rate pertaining during the year and, in fact, the profit before tax only dacreased from £717,000 to £673,000. In viaw of the reduction in the rate of tax, the retained profit, after payment of a dividend of 5% was reduced from £373,000 to £354,000.

The past year has seen tha first rapa/mant of an andowmant loan on maturity but this type of repayment will not have a significant effect on the Corporation until 1990.

A further £1m Debentura Stock was redeemed in September last year. This Stock had an interest rate of 3½% and the removal of this

year. This Stock had an interest rate of 31% and the removal of this Stock at a favourable rate of interest also had an effect on the profit. The next redemption of Dabanture Stock is not due until 1988.

Tha Directors of tha Corporation constantly raview the general situation in agricultura, particularly fluctuations in land values, when considering applications for loans. It is not felt to be part of the Corporation's function to lend money without being assured that the borrowar can make a living as wall as service and repay his loan. It was with regrat that wa received the rasignation of Mr James M. Stawart from tha Board of the Corporation following his pramatura retiral through ill-haulth from Clydesdale Bank PLC, Mr Stewart's retiral through ill-haulth from Clydesdale Bank PLC. Mr Stewart's farming background was of great assistance to the daliberations of the Board. Wa ware plassed to walcome in his place Mr Robert A Laurenson, Deputy Chief General Managar of the Clydesdale Boak PLC.

The Report and Accounts were formally approved and adopted and a dividand of 5% duly declared.

Notice to Holders of Warrants of Yamamura Glass Co., Ltd. issued in connection with 814% Guaranteed Notes Due 1990

NOTICE IS HEREAY GIVEN, pursuant to the provisions of Section 7 of the Teams and Conditions of the Warrants that:

1. On Jone 10, 1985 the Board of Directors of the Company resolved to make a free distribution of shares of its Common Nock to shareholders of record as of June 30, 1985, in Japan at the rate of 0.15 share for each one share held.

 Accordingly, the subscription price in respect of the above Warrants will be adjusted effective immediately after such record date. The subscription price in effect prior to such adjustment is 555 Ven per share of Common Stock, and the adjusted sub-scription price is 511.30 Ven per share of Common Stock.

Yamamura Glass Co., Ltd. June 28, 1985

International Financing

Corporation N.V. U.S. \$50,000,000 Guaranteed Floating Rate Subordinated Notes due 1996

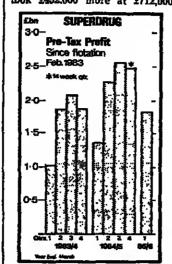
Wells Fargo

in accordance with the provisions of the Notes notice is hereby given that for the interest Sub-period 28th June, 1985 to 29th July, 1985 the Notes will carry an Interest

Rate of 8516% per annum. The Interest accrued for the above period will amount to US\$69-43 and total interest payable per Note on 29th July, 1985 will US\$218-42, 1985 will be

Agent Bank: Morgan Guaranty Trust Company of New York London

Superdrug 32% ahead at £1.8m



with the final quarter contribu-tion up from £1.57m to £2.5m.

Superdrug planned for at least 40 new branches this year together with the opening of 2 second distribution centre of over 200,000 sq ft, securing the

PROFITS GROWTH at Superdrug Stores continued apace during the opening quarter of the 1985-86 year with pre-tax figures pushing ahead by over 32 per ceut.

On a turnover £7.7m higher ment programme, together with at £35.47m they surged from £1.38m to £1.83m. However, tax took £452.000 more at £712,000 facilities, would probably have an adverse impact on the rate an adverse impact on the rate of profits growth during the

current year. However, they were more confident than ever about Super-drug's overall position in the High Street, and optimistically looked for a record year for both sales and profits.

The group came to market via an offer for sale of shares at 175p each early in 1983. Yesterday the shares closed3p higher of

comment

Superdrug's first quarter is marked by a drop in operating margins against the level for last year as a whole and the provision for a higher than expected tax charge. There is an element of seasonality in the margin—it traditionally improves as the year progresses. But this margin—it traditionally improves as the year progresses. But this year will be different due to the high costs of atarting up the northern distribution centre in wakefield. As a result last year's 6.3 per cent margin will center interest income of £187,000 (£110,000).

For the previous 53 week-period the group, which operates from over 210 retail drug stores, returned a record £8.74m pre-tax, with the final quarter contribution up from £1.87m to £2.5m.

margin—it traditionally improves as the year progresses. But this year will be different due to the high costs of atarting up the northern distribution centre in wakefield. As a result last year's 6.3 per cent margin will certainly not be achieved and it could be a struggle to reach 6 per cenl. The uncertainty on the tax charge plus concern at the cost of the warebouse opening and storing np makes it hard to see the current rating of over 20 times earnings being maintained. For the full year

West's Group moves ahead

pected, has enabled the West's Group International to push up its pre-tax profit from £693,000 to £914,000 for the year ended March 31 1985. There were good

March 31 1985. There were good performances from the manufacturing division companies and from Piling and Construction and Engineering Design.

The directors roncede that recovery in profitability is slower than they would like, but express their confidence that core businesses are sound and that the worst is now behind.

Turnover came to £45.29m the worst is now belind.
Turnover came to £45.29m
(£52.75m) and trading profit to
£1.12m (£917,000),
There were extraordinary
losses £577,000 (profit £249,000)

A BETTER second haif, as ex- mainly resulting on withdrawal from uneconomic locations over seas. Further overhead reductions have been made and the borrowing position remains good. The dividend is again 5.5p net, the final being 3p.

> HUMPHRIES HOLDINGS, the HUMPHRIES HOLDINGS, the developer and printer of colour film, which is in the BET group, incurred a higher taxable loss of £512,000, against £315,000, for the year to end-March 1985 despite an increase in turnover from £12.32m to £14.22m. Attributable losses soared to £2.46m (£57,000) after an extraordinary debit of £2m (£454,000). There is again po dividend.

Dominic Lawson on the rise and fall of small oil prospectors

Falcon's shadow over the City

THE RECENT collopse in the share price of Falcon Resources has cast o shadow over the City of London's latest fad—small oil or London's latest tod—small oil exploration companies specialising in the U.S. onshore scene.
Following the successful issue last year of Petranol the City bas been deluged with prospectuses from entrepreneurs who quickly realised that while U.S.

Investors have had some bitter experiences funding drilling in the States the British market is the States the British market is relatively untested.
Great Western Resources and New Londoo Oil have followed Perranol and Falcon, together with Aberdeen American Petroleum and Charterhall North America.
This summer they are set to be joined by Samphine Petroleum.

be joined by Sapphire Petroleum. Exploration Company of Louisiana, Owi Creek and Clinton

Oil.

The shares of Fairon have failen from a 1985 high of 174p to around 70p. This may mean that the new vehicles will not get the rating to which they aspired, although they will probably still get a hetter reception here than to the U.S. where drilling rates have halved in four years but where small oil company bankruptcies are still a regular occurence. a regular occurence.

The current fashlon may sound like a repeat of the boom and

bust that occurred with a series of small Canadian oil exporation companies on the London Stock Exchange about five years ago. Exchange about nive years ago.
However, there is a difference
this time around that has
attracted the punter. While the
Canadian stocks were high-risk
ventures bolding out the hope of massive capital appreciation the new wave of U.S. onshore comnew wave or U.S. obsorber com-panies hitting the Stock Exchange tend to concentrate on mature oil and gas producing regions of the most well drilled country on earth, They promise to drill plenty

of cheap wells with a very high success rate. The art, if practised successfuly, is to buy in cheap second-hand acreage and aim for a speedy return on

the inevstment.
The key is to get the UK stock market to put up as much money as possible so as to fund the drilling campaigns. In valuing the shares an independent petroleum engineer assumes a certain success rate of future drilling, adds up the future revenues from future discoveries, discounts at 10 per cent and bases the company's initial stock market valuation oo



Mr Daniel Pena, the chairman and founder of Great Western Resources.

This method has attracted investment from some leading City institutions but Mr David Gray, nil analyst at brokers James Capel, disapproves of the practice.

"The method," he says, "involves those who put up the cash taking all the downside risk and getting very little upside even if everything goes according to plan."

Another broker points out that the companies tend to build in assumptions of no increase in operating costs and administrative expenses and often make insufficiently clear the future development costs. Much of the most weil-traded U.S. acreage is almost bound to rontain oil or gas which for various geological reasons may be very expensive to produce.

But Mr Daniel Pena, the 39-year-old founder and choirman of Great Western Resources, is adamant that his company is different from all the rest.

FIRST-HALF NET INCOME AT \$1.3m

Great Western Resources earned net income of \$1.31m (£1.04m) in the six months to March 31 1985, compared with \$229,000 last time. Earnings per share amounted to 6.5

There is a first interim dividend of 1.43p per share (about 1p net for UK resident shareholders) and a total of not less than 2.86p gross is forecast. The directors say the payment of an interim at this early stage in the com-pany's development, is an expression of their confidence in the futurefl.

Total révenne was \$2.86m

of classic American design. Of Hispanic origin, he earned his sours in Wall Street, becoming vice-president of Bear Stearns

Mr Pena ia an entrepreneur

He founded Great Western in 1982 with only \$900 of capital but last August his advisers, Brown Shiptey and brokers Greenwell, ficated the stock. The prospectus valued Great Western's oil and gas assets at £44.3m rompared with a flota-

tion value of £32m. As befits o man of such substance, Mr Pena is now the prood owner Guthrie Castle, near Arbroath in Scotland. He insists that the City of London is backing the wrong U.S. onshore plays and should be investing in Great Western.

"Most of the others are entre-

preneurial flogs to make o turn as we say in Wall Street. But no one in the City knows how to read a reserve report."
One City broker, who prefers

cents (5.2p).

\$885,000) of which \$2.62m came from oil and gas. Expenses took \$1.31m (\$469,000) and tax provision

was \$238,000 (\$187,000). The interim figures include two months' earnings from the properties ocquired from

In the second half period. the company will have the benefit of a full six months' cash flow and earnings from the Whittaker ocquisition. Production is expected to rise to 3,000 BOEPD by the end of the current year, compared with a present figure of around 2,000 BOEPD.

to remain anonymous, argues that Mr Peno has every reason to have little respect for the City since it paid more than Great Western was worth wheo the compony came to the market.

The £44m valuation of Great

Western's assets were based olmost entirely on a valuation of the company's acreage in the DJ Basin in Wyoming, which the company was in the process of huying for only \$2.2m. The valuation of the acreage was based on an aggressive explora-

based on an aggressive explora-tion compaign to drill 42 wells by this September. Great Western now says that it will have drilled only 14 wells in the basin by that time thus delaying the nhject of the exercise and the basis of valua-tion—cash flow.

tion—cash flow.

The original Great Western assets valued of £44m are now worth only about £25m concedes Mr Charles Soladay, the company's finance director, on the valuation basis used in the proposed of the proposed for the pr pectus. This is in part because the prospectus assumed o gross selling price of \$30 a barrel, in part because the delayed drill-ing programme has reduced the unted value of future cash

But Mr Pena is undaunted "My aim is to make Great Western one of the 50 biggest



U.S. oil and gas companies within 10 years." He aims to chieve this by a whirlwind of deals as the companies which took on debt to expand into the U.S. oil scene at a time when the oil price was about \$35 a barrel have become distress seliers of acreage and produc-

Greet Western is placing \$10m worth of shares with City Institutions to raise cash to buy the U.S. oil and gas assets of Whittaker, a big U.S. health care company. The deal was approved this week.

The group also appears to have

The group also appears to have sewn up a \$6m deal to buy the U.S. oil and gas assets of an unnamed UK company. He claims it has turned down the chance

it has turned down the chance to huy numerous other UK-owned oil assets.

Foilowing the share shake ont at Falcon, Great Western and other similar concerns shortly to arrive on the stock market will be subject to an unusual degree of scrutiny in the City.

The next year may determine who has the better judgment in the City of London: the oil analysts or the punters.

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international Group of some 190 companies with 70 monufacturing plants.

The SKF Group also comprises special steel, cutting tools and several other precision engineering products.

The SKF Group profit rose 1984 to 1,339 million SEK from 604 million SEK in 1983. Sales increased in the same period with 10 per cent to 17,843 million SER.

Sales by product category was: rolling bearings 66.7 per cent, special steel 15.5 per cent, culting tools 3.9 per cent and other products 13.9 per cent.





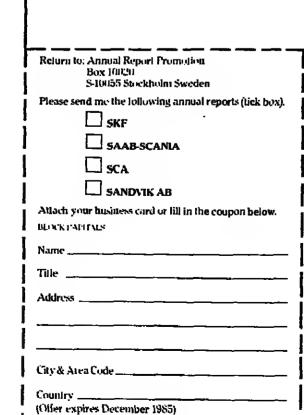
SAAB-SCANIA AB

iD-Scania develops. Manufactures and markets advanced transportation equipment and systems. Products include passenger cars, heovy trucks, buses, commercial and military aircroft and satellites. We also manufacture industrial process products and heating equipment etc.

1984 was on eventful year. We introduced o new car generolion - the Saab 9000. We also introduced a new truck and bus series - the Scania 92. Deliveries to customers of the airliner Saab-Fairchild 340 and the anti-ship missile RBS15 started.

Also from a financial point of view, 1984 was o record year for the Saab-Scania Group. Sales, income, profitability and solvency improved once more.

Consolidated sales rose by 25 per cent to SEK 25,956 m. The Group was able to increase its profit to SEK 2.555 m before appropriations and taxes, corresponding to 9.8% of total sales. Pre-tax return on total assets, rose to 16.4%. The Group has 43,000 employees.



SCA

One of Europe's biggest forest industry companies. Pulp. paper, sawn timber, rorrugated board, disposable hygiene products. machinery for pulp and paper industry, hydro-electric power, 1984 was a good year for SCA. The cunsolidated net sales increased with 18% to SEK 11.5 billion and the earnings improved with 51% to SEK 1.5 billion. The return on capital employed rose from 15% to 19%. Investments amounted to SEK i.1 billion. For the period January 1 to April 30, 1985, SCA reports a continued high profitability. During that period earnings amounted to SEK 473 million. For 1985 as a whole the earnings are not expected to reach 1984 level but return on capital employed should remain satisfactory:





SANDVIK AB

The Sandvik Group is one of Sweden's largest exporting corporations, active worldwide through more than [1]) companies in over 40 countries. In 1984 the Group employed 24,000 people, the lurnover amounted to well over 11 hillion Swedish kronor and the profits to 1,013 million.

Sandvik is the world's largest producer of cemented-carbide products such as tools and tooling systems for chiplorming machining and rock-drilling applications. The company is a leading manufacturer of tube, strip and wire in stainless and high-alloy special steels, saws and other tools as well as conveying and processing systems.

The Group's activity is concentrated to seven dillerent business areas: Sandvik Coromani. Sandvik Rock Tools, Sandvik Hard Materials, Sandvik Steel, Sandvik Saws and Tools, Sandvik Process Systems and Sandvik Electronics.

ine 23 1985

THE ROYAL BANK OF CANADA

NOTICE OF PARTIAL REDEMPTION

TO THE HOLDERS OF U.S. \$100,000,000 12¾% DEPOSIT NOTES DUE JANUARY 28, 1992 OF THE ROYAL BANK OF CANADA

NOTICE IS HEREBY GIVEN, pursuant to the tarms and conditions of the 1234% Deposit Notes dua January 28, 1992 (the "1234% Deposit Notes") that U.S. \$38,770,000 aggregate principal amount of the 1234% Deposit Notes of the Royal Bank of Canada (hereinafter referred to as "the Bank") in coupon bearer form in the denomination of U.S. \$5,000 each bearing the under-mentioned distinguishing numbers, namely:

Orion Royal Bank Limited, 1 London Wall, London EC2Y5JX, The Royal Bank of Canada (France) S.A., 3 rue Scribe, 75440 Paris, The Royal Bank of Canada A.G., Bockenheimer Landstrasse 61, 6000 Frankfurt/Main 1. The Royal Bank of Canada (Belgium) S.A., rue de Ligne 1, B-1000 Brussels, The Royal Bank of Canada (Suisse), rue Didey 6, 1204 Geneva, Tha Royal Bank and Trust Company, 68 William Street, New York, N.Y. 10005 (principal only), Kredietbank S.A. Luxembourgeoise, 43, Boulevard Royal, 2499 Luxembourg.

NOTICE IS ALSO HEREBY GIVEN that all interest on the 1234% Deposit Notes so called for redemption shall cease to be payable from and after the said 30th day of July, 1985 and coupons for interest to accrue after such date upon said 1234% Deposit Notes shall be void.

DATED AT LONDON June 28, 1985 THE ROYAL BANK OF CANADA by ORION ROYAL BANK LIMITED

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Nacional Financiera, S.A. (A National Credit Institution and Financial Agent of the Federal Government of the United Mexican States)

Floating Rate Notes Due 1986

In accordance with the provisions of the Notes, notice is hereby given that for the six month Interest Period from 28th June, 1985 tn 30th December, 1985 the Notes will carry an Interest Rate of 82% per annum. The interest amount payable on the relevant Interest Peyment Date which will be 30th December, 1985 is U.S. \$4,368.06 for each Note of U.S. \$100,000.

> Credit Suisse First Boston Limited Agent Bank

U.S. \$20,000,000



The Industrial Bank of Japan, Limited London

Floating Rate London-Dollar Negotiable Certificates of Deposit due 30th July, 1986

Notice is hereby given that in accordance with Clause 3 nf the Certificates, the Issuer will exercise the Call Optinn and redeem all the outstanding Certificates at their principal amount on 30th July, 1985 when interest nn the Certificates

Repayment of principal together with accrued interest will be made upon presentation of the Certificates at the offices of the Issuer on 30th July, 1985.

> Credit Suisse First Boston Limited Agent Bank

ERF cuts loss and sees 'promising outlook'

WITHOUT THE burden of exchange loss, the ERF (Holdings) group of heavy commercial vehicle and plastic moulded components monfocturer has returned to profit in the secood balf.

The outlook for the current year is promising and the directers expect to see a modest increase in demand. They will review the dividend pelicy during th yar, having due regard to current trading conditions. The preference was last paid on October 31 1982.

October 31 1982.

In the first half of th year ended March 30 1985 the group suffered an exchange loss of loss of £atys1-£1.16m and this pushed it inlo o loss of £1.09m. For the year overall the exchonge dehit came te £1.18m, so the group benefited and reduced the loss te £444,000. That compares with o profit of £421,000 in the previous year.

profit et 222, vious year.

Turnever for the year rose from £60.65m to £72.78m and the profit before interest and exchange loss was £2.14m,

Beaufort House

redevelopment

A new company has been formed to carry out o redevelopment of Beaufort House, Aldgate, London, the former headquarters of the Peninsular & Oriental

company will acquire the long lease of the property held by P & O for £15m.

Beaufort House comprises 170,000 sq ft of net lettable space hut the site would be

capable of supporting a new office hullding in excess of 200,000 sq ft. Funding for the development has yet to be arranged and various schemes

are currently under consideration.



Mr Peter Foden chairman

the chairman, says the home market continues to be difficult,

stantial improvements were achieved in export trading, mainly in Africa and the Middle The introduction of the CP

35 per cent over 1983-84 Sub-stantial improvements were

range has been "highly successful," with excellent response from customers. The plastics side enjoyed a good year and sales volumes were up by 18 per cent; further growth is expected this year.

Mr Foden says a new range of vehicles will be introduced gradually ever the next two or three years, which will create Opportunities at home and ad. In 1984-85 redundancy costs et 112,000 (£18,000) have been charged in arriving of the trading figure for ERF. Interest payable was up to £1.4m

(£1.27m). After a tax credit of £6,000 (£256,000) there is a loss per share of 6.05p (earnings 9.35p) and fully diluted 5.72p (9.19p). No provision has been made in the accounts fer th eunpaid pre-ference dividends, and the arrears amount to £226,000.

Second-half profits slip but Latham final raised

year.

DESPITE almost unchanged pre-tax prefits, James Latham is proposing to raise its final divi-dend by 10 per cent, giving a total for the year which is 13 per cent ahead of that for 1983-84. Known as Beaufort House
Development, it has been formed
jointly by P & O and Stockley,
The property group, who have
each invested £8m. The new

On turnover up hy £1.7m to £35,33m, pre-tax profits, for the year to the end of March 1985, rose from £1.65m to £1.66m. Drectors are proposing a final payment of 8.25p net per £1 share (7.5p) making o total for the year of 13.25p (11.75p).

Mr Michael Latham, chairman of the East London-based timber merchant, says that given the range of difficulties encountered during the latter part of the

year the results were satisfac-tory. In the second half pre-tax progts fell bq 17 per cent from £747,000 to £621,000, on turnover which was little changed. He adds that the problems were short-term but their effects have persisted into the present

The pre-tx figure was struck after depreciation of £223,000 (£244,000) and bigher interest payments at £611,000, compared with £535,000.

Tax took £371.000, against £228,000 fer 1983-84 when there was also an extraordinary Item of £47,000. Dividends accounted for £43,000 (£375,000). Earnings per share came out at 47.9p (53.5p).

Longton profits double to £1.2m

AFTER A number of troubled years Longton Industrial Holdings is returning to profit levels it enjoyed towards the end of the 1970s.

On turnover up by 8 per cent from \$46.13m to £50.05m, pre-tax profits mere than doubled from £555.000 to £1.15m. An unchanged final dividend of 2p net is proposed, making a total of 3p (2p).

The directors of the Stokebased transport, distribution and erane hire group say that the results show a continued improvement.

Ali division traded profit-ably, with steel stockholding and engineering supplies producing an excellent performance which continned to show growth. The optimism about the motor division was well founded.

They add, however, that severe competition in the banlage and distribution activities resulted in disappointing figures for the transport division. The board has taken corrective steps.

Tax too £232,000, compared with £111,000 for 1983-84 when there was an extra-ordinary debit of £54,000. Attributable profits came out of £920,000 (£498,000).

With preference dividend payments ot £9 (£103,000) earnings ordinary share came ont nt
13.1p, up by 2\frac{1}{2} times on the
5.4p for the previous year.
The ordinary dividends took
£188,000 (£126,000).

In the 1979-80 year, the company made a pre-tax profit of £1.91m but the following year plunged into losses of £629,000 with problems experienced throughout the group, particularly in its vehicle and plant distribution and erane hire

Anglo Nordic lifts profits to £1.3m

WITH MOST of its subsidiaries performing as or better than planned, pre-tra profits of Anglo Nordic Holdings rose to £1.32m

Turnover for the year amounted to £54.3m (£64.09m for 16 months)), and the directors of this Hertfordshirebased engineering and property company say that the current year has started well, with order books in several subsidiaries et

record levels.

At end-March the total erder book stood at nearly £18m, compared with £11.4m a yeer earlier. The directors report that during the year excellent progress was mede on product development and in upgrading production methods and techniques.

The final dividend is held at 1p, which brings the total to 1.4p (same for 16-month period). Not earnings per 5p share are shown as 5.7p (4.1p) basic, and 5p (4.3p) fully diluted.

record levels.

In line with the group's policy of building up its aerospace and defence interests, which last yeor resulted in sales in excess ror the year to end-March 1985, with the bulk, some £1.09m, coming in the second half.

For the 16-month period to end-March 1984 the taxable result was £1.06m.

Turnover for the second half.

Turnover for the second half.

HMI. which

HML, which manufactures hydraulic rigs and trolleys for servicing both civil and multary aircraft, bad net tangible assets of £529,000.

Anglo Nordic is now one of the lorgest manufacturers of aircraft

Anglo Nordic is now one of the lorgest manufacturers of aircraft ground support equipment in the world, the directors say, and currently sells to 100 airlines and operators in over 50 countries. In e full year they estimete that HML should add £4.5m to the turnover of this activity.

The Braby Economic Appliances division was sold in May for £707.000, as the manufacture of gas fires does not fit in with group strategy.

The tax charge amounted to £226,000 (£295.000), and thera were extraordinary debits of £534,000 (£890,000).

Speyhawk leaps to £1.2m and prospects encouraging

The result is largely attributed to the completition of the Lombard Street development in the period. The directors say this import development has been let in its entirity to the Trustee Savings Bank.

Spayhawk, property development and construction concern, holsted pre-tax profits from the six months to March 31 1985, on ment in Hemel Hempstead and transport of £28.07m, against There are a number of the six months to March 31 1985. There are a number of the six months are six months and the six months are six months. a small onice development in Old Isleworth. There are a number of other huildings which have been completed and where let-tings are currently under nego-

bard Street development in the period. The directors say this import development has been let in its entirity to the Trustee Savings Bank.

After tax of £455,000 (£257,000) earnings per 10p share climbed from 3.8p to 7.1p. The net interim dividend is raised to 2.52p (2p) net—last year's final was 6.4p.

The directors say the group's development programme is proceeding well and prospects for the scheme in Brighton were completed and the whole of the scheme, having a value of £25m, has been forward funded. The financial arrangements involve Britel, Brighton Council, Ramada and the English Tourist Board. Ramada will manage the hotel as part of its "Renaissance" chain and the company will retain a majority interest in the hotel operating company.

June 26, 1985



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International Ltd. Wood Gundy Inc.

Yamaichi International (Europe) Limited

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June 28 1955

to £1.2m

couraging

Section 2.

two men (8)
28 Modified Ulster score (6) 30 As Bet's terribly outsize, get the building material! (8) DOWN

1 Set off for scheel in time (S)

5 Supply a leading French car

for imprisonment (f)

13 Dismal doctor gets attentien

21 This bird is an unusually

24 Beheaded the chaps, with a girl to fellow (5)
25 Badly maul some union leader threwn into tomb (9)

27 Netc twe people learning te drive in New Road (61

28 The dug was seated between

odd duck (4)

I Don't start moving trees-it's a waste (6) manoeuvre (6)

2 Fly South-East after test ne master. Rover, with ne master, wagged tall (5)
4 The heartless Mrs Reagan's

period of holding office (7)

(5]
14 Fer example, the centreforward's in centrel (4)
16 Wandering in, poor Carrie
started talking (7)

17 Present aim is to ge in and
get the criminal (8)

18 Cheers, moving close to
embrace spellt son (8)

20 Break in, thanks to me (4) started talking (7)

20 Break in, thanks to me (4)

19 His bleemers must be paid

21 Man's man (7) 22 Man 5 man (7)
22 Describe being in charge in one part of the store (6)
23 Ceuld be sad about people getting compensation (6) 26 Held forth geld blend tea

Government (9)
17 Present aim is to ge in and get the criminal (8)

6 Went down and discovered

7 Te Peter Ceek, e musical

woolly deer (9)

drama (8)

66)
9 Give infermation nbout a group moving rapidly (31)
16 Uncle's first scen in clething for imprisonment (6)

17 Give infermation nbout a group moving rapidly (31)

18 Bey stands up girl — a shameful thing (8)

11 Areund October 3 what's to be paid for the heliday (4)

12 Screened eccentric Italian 15 After Pentecost be set up leader sitting in seat (9) everything for the British



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FT COMMERCIAL LAW REPORTS

Tax loss surrender lawful on balance of benefit

CHARTERHOUSE INVESTMENT TRUST LTD v TEMPEST DIESELS LTD Chancery Division: Mr Justice Heffmann: June 20 1985 A SURRENDER of tax losses by one cempany to others to the same group as part of a transactien enabling its shares to be sold and resold at a very low price, does not constitute provision of financial assistance by the company to the ultimate purchaser if, having regard to the transaction as a whole, the net balance of financial advantage lies in the company's favour.

Mr Justice Hoffman so held

rights issue of new shares in Mr Weaver for Mr Tempest financial assistance was if it Tompest. The meney would be submitted that the tax losses made a net transfer of value

F.T. CROSSWORD PUZZLE No. 5,755

A SUBMEDIPER of the closes of the company of the co

Barrister

BASE LENDING RATES

A.B.N. Bank 121% Heritsble & Gen. Trust 121% Allied Irish Bank 121% Hill Samuel 122% C. Hoare & Co. 122% Hongkong & Shanghai 121% Amro Bank 121% Hongkong & Shanghai 121% Hongkong & Shanghai 121% Banc de Bilbee 121% Bank Hapoalim 121% Bank of Ireland 121% Bank of Cyprus 121% Bank of Cyprus 121% Bank of Scotland 121% Bank of Scotland 121% Bank of Belge Ltd 121% National Girobank 121% National Girobank 121% Bank of Cyprus 121%
Bank of Cyprus 121%
Bank of India 121%
Bank of Scotland 121%
Banque Belge Ltd. 121%

National Westminster 12/%
Northero Bank Ltd. ... 12/%
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People's Trust 13/%
Provincial Trust Ltd. ... 13/%
R. Rapbael & Sons ... 12/%
PK Finans Intl. (UK) 13 %
Royal Bank of Scetland 12/%
Royal Trust Co. Canada 12/% Westpac Banking Corp. 121% Whiteaway Laidlaw ... 13 % Williams & Glyn's ... 121% Yorkshire Bank 121%

National Girobank ... 121% National Westminster 121%

Robert Fleming & Co. 121% | Call deposits £1,000 and over Rebert Frazer & Pins. 131% | 21-day deposits over £1,000 105%.

NOTICE OF REDEMPTION CRA Finance Ltd. US\$250,000,600 Floating Rate Notes dus 1990 Notice is hereby given that pursuant to the provisions of clause 4(E) of the terms and conditions of the Notes all of the above Notes constituting US\$250,000,000 in principal amount.

will be redeemed and prepaid on July 29, 1985 in the principal amount thereof together with accrued interest thereon to said redemption date. Interest on said Notes shall cease to apcrue on the redamption data and on said data tha redemption price will become due and payabls on each of said Notes. Payment of notes will be made upon rayment or notes will be made upon presentation and surrender thereof, together with all coupons if, any, appurtenent thereto maturing subsequent to the redemption date, at the office of Bank of America International S.A., 35, Boulevard Royal, Luxembourg, or, at the option of the holder, at Ranjamerica International 24-41 Royal SA, 39, Bousever Roye, Labertbourg, or, at his option of the holder, at
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York, New York 1004, U.S.A. or Bank of
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Street, London ECAP 4HN, England, or
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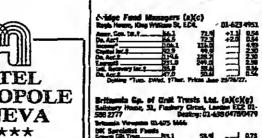
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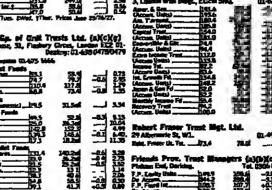
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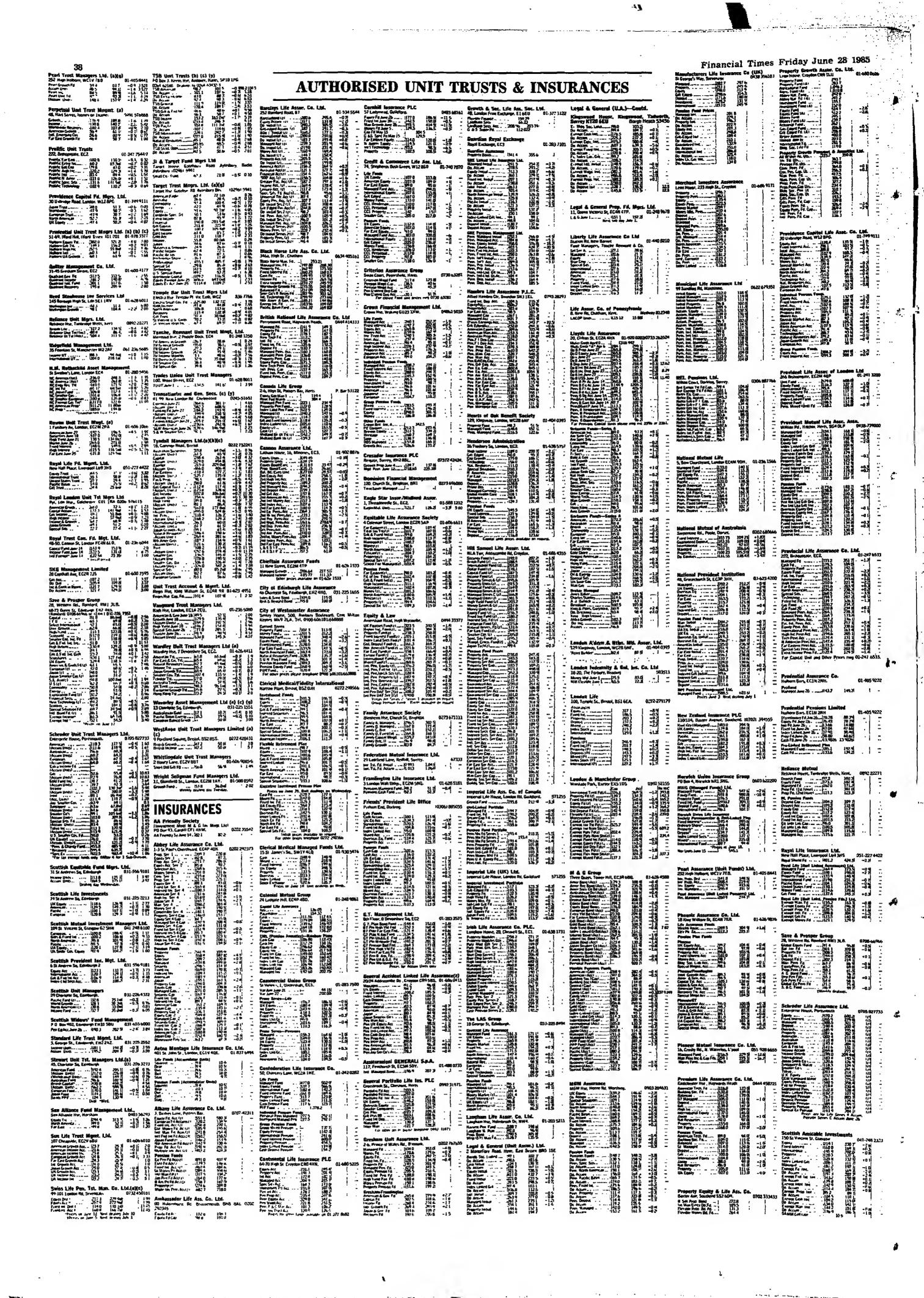
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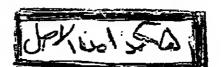
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U.S. farm Bill caught by conflict of interests

By Nancy Dunne in Washington

THE Brazilian authorities were "squeeze" on Brazilian

CONGRESSIONAL subcommittees are moving at a snail-like pace on the 1985 Form Bill as country, in a move which could stocks, which have been open level of 27m bags. Recent frosts are moving at a snail-like significantly boost exporters' to manipulation in the pace.

This week, a House grains subcommittee voted to reise 1bc target prices which pravide subsidies, but to award them to farmers for only half their previous output. The theory is that farmers will theo cut their production, knowing that only production, knowing that only production, knowing that only production of the crop will bring the foundation and interest rates, subsidies, and will se conserve some land and save oo plenting

subcommittee agreed to drop the lean rate, which supports U.S. prices, by 5 per cent both next year, and in the years to come.

The panel endorsed the new "market loan" concept which bas won some support in both houses. It would allow farmers to pay back their loans for less than they borrowed if market prices drop. However, the subcommittee said the difference between the loan rate and pay-back must be no more than 60 cents a bushel.

Milk support price reduced

WASHINGTON—The national support price for U.S. milk will be reduced to \$11.6 per cwi from \$12.1 from July 1, Mr John Block, U.S. Agriculture Secretary, announced.

"This is a step in the right direction," said one trader. "But it's probably not a change of heart." The secretary said the sup-port price is being reduced under current law which euthorises a reduction on July 1 Most observers said the decision by the EEC sugar management committee to refuse oil export bids did noi Community's refusal to ellow alter the fact that the Community bas still e large day's tender beceuse of low sugar surplus which it needs to dispose of on the world market.

"Once the price rises, they'il close of \$1.60 to \$2.20 a tonne in a volume of 1.366 lots. if net price support purchases by the Commodity Credit Cor-poration (CCC) over the next 12 months are estimated to ex-ceed five billion lbs of milk

Brazil coffee controls set to boost exporters' costs

would be reached coffee each bag of exported coffee with a delivery to IBC warehouses. This stock, which exporters would be expected to finence themselves would then effectively be "frozen" for 90 days.

Traders believe the move has forced to carry," said one trader, "There'a no doubt that this would mean quite e change

By taking coffee out of circuthis would mean quite e change
lation it may reduce the smount
which the IBC has to buy under
local price support arrangements, in line with the general

Traders did not bowever expect
the move to have a significant
impact on exports themselves.

of subsidised suger exports at its weekly selling tender on Wednesdey. They claimed the suspension would at best bring

only a temporary respite for the depressed world market.

pace on the 1985 Form Bill as country, that move which country which have been open farm state legislators strive to significantly boost exporters to manipulation in the past. Some traders believe it could farm state legislators strive to make U.S. agricultural exports | Costs. |

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Commission has decided it will not export sugar when the subsidy needed to mateb the world market price exceeds 85 per cent of the internal Community price.

Our commodities staff writes

that raw sugar futures ended

the late afternoon call near session highs boosted by firm

U.S. merket prices, pressure on the dollar and the European

Commission has decided it will

in some producing regions do not appear to bave caused any

bags. Sales to oon members of the Agreemeol, traditionally about 2m baga a year, are believed to bave plunged in recent months and Brazil has complied with an agreement, not to sell to non-members at

discount.
This meens thet the trade as a whole will probably be carry-ing over a higher level of stocks

in 1986 then before.

The IBC is also due to anounce new minimum producer prices for coffee growers.

The price from July 1 is understood to have been fixed at Cru 460,000 a bag (\$78), still well below the more to be a state of the product of the well below the market level.

EEC sugar subsidy moves Futures report reveals world: volume leaders

By Our Washington Staff

RAPE SEED, silver and dried cocoon were among volume leaders on non-U.S. commodity trading exchanges in May, according to a new monthly report being complled by the U.S. Futures Industry Association (III)

The report, which plans to include the London exchanges, lists silver as the highest volume contract last month on the Tokyo commodity exchange, where, more than 200,000 silver futures changed hands, along with almost 54,000 gold con-tracts, 44,00 platinum and 61,000

Silver, bowever, made a poor showing on the Winnipeg com-modity exchange,

Noranda cuts zinc output by 10%

By John Edwards, Commodities Editor

ANOTHER Canadian zinc pro-ANOTHER Canadism zinc producer. Norands, yesierday anosunced that it was cutting production to reflect reduced demand. It said that output at its Valleyfield plant would be reduced by 12,000 sbort tons in the second half of the year — the cut would be equal to 10 per cent of its first-half operating rate.

Noranda's decision to reduce

production follows closely on the mave by Caminco of Canada to cut output by 10 per cent. Yesterday Comioco sald zinc ore concentrate production at lts Pine Point Mines would decline by 35,000 tens during the second half of 1985, a reduction of 11 per cent, to allow for reduced demand by the com-pany's Trail smelter. It said the

pany's Trail smelter. It said the reduced production levels would be maintained into 1986 or until improved market conditions werranted a resumption of full production. It blamed the cul on reduced demand and low prices.

Noranda's decision to follow the cuts announced by Cominco and Asturaina of Spain earlier this week helped maintain the firmer trend on the London Metal Exchange zinc market yesterday. The three maintain gained 57 to £598.5 e tonne after reaching £600 at one tonne after reaching £600 at one stage. Traders said selling resistance emerged at the £600 level.
Aluminium prices lost

Aluminium prices lost further ground yesterday with the three months quolation closing £5.5 lower at £791.5 a lonne. Nickel also came under heavy selling pressure, en-couraged by an easing in the nesrby supply situation. As a result cash nickel dropped by £115 to £4,127.5 a lonne, while the three months price closed £85 down at £4,117.5.

Copper was easier, depressed by the United for the Particular Copper.

by the liquidation of the July caused by doubts among eid contract on the New York donors over the recent creation (Comex) market. However, the gap between the cash and three Sonatrad, to co-ordinale the Comex) market. However, the of a state trading agency, ip between the cash and three onths prices narrowed again purchase of equipment and sup-

Peter Blackburn on easing of Belgian control

Zaire takes on direct marketing

during a major restructuring of the state-owned Generale des Carrières et des Mines (Geca-mines) last November, will take over marketing from Belgium's SGM-Afrimet.

One of the most important changes was that Gecamines relained ownership of its copper and cobalt which had previously been handed over to the state-owned Societe Zairoise de Commercielisation

(Sozacom).

The changes followed pressure from the World Bank and other donors concerned about sales of large tonnages without receipts. Gecamines is setting up a marketing office in Brussels and for the first three months will work in parallel with SGM. No changes are foreseen at the moment in Belgium's Metal-lurgie - Hobsken - Overpell's

ZAIRE is to take over direct markets. "It isn't normal for annual output of more than ZAIRE is to take over direct markets. "It isn't normal for annual output of more than cobait from July 1 in a further move 10 assert independence from Belgium and maximise earnings.

Gecamines Commerciale, one of three subsidiaries set up during a major restructuring of the state owned Generale des

Mashington. "It isn't normal for annual output of more than 200,000 tonnes a year, expects to continue wirebar production for enother ten years. A few years ago it seemed that the company might phase out wirebar annual output of more than 200,000 tonnes a year, expects to continue wirebar production for enother ten years. A few years ago it seemed that the company might phase out wirebar for enother ten years. A few years ago it seemed that the company might phase out wirebar for enother ten years. A few years ago it seemed that the company might phase out wirebar for enother ten years. A few years ago it seemed that the company might phase out wirebar production for enother ten years. A few years ago it seemed that the company might phase out wirebar production for enother ten years. A few years ago it seemed that the company might phase out wirebar production for enother ten years. A few years ago it seemed that the company might phase out wirebar production for enother ten years. A few years ago it seemed that the company might phase out wirebar production for enother ten years. A few years ago it seemed that the company might phase out wirebar production for enother ten years. A few years ago it seemed that the fixed part of the few years ago it seemed that the company might phase out wirebar production for enother ten years. A few years ago it seemed that the fixed part of the few years and year years. A few years ago it seemed that the few years and year years and year years. A few years ago it seemed that the few years and year years and year years. A few years and year years and year years and year years and year years. A few years and y

WASHINGTON - The U.S. House Interior Committee unanimously approved a Bill aimed at halting a decline in the U.S. copper industry. It calls on President Reagan to calls on President Reagan to negotiate a voluntary production restraint agreement with other copper producing countries, mainly Chile. Zaire, Zambla and Pern. If he falls to negotiate such an agreement, President Reagan would be required to impose a surcharge on all copper imports of 15 cepts per nound.

and develop customer relations, he added. "We want to gain credibility which is difficult when our clients have never seen us." No major changes

counter to present policies of economic liberalisation and that

centralised purchasing is likely to cause delays and add to costs.

Gecamines production, expres-sed "disappointment" at the lack of support shown by aid

Mulenda Mbo, the head of

61.01 61.86 60.80 61.90 81.47 61.82 61.25 67.65 81.47 51.82 61.25 67.75 81.47 51.88 61.26 61.72 82.46 62.78 62.30 62.80 62.82 62.65 62.60 62.87 62.80 63.05 62.70 63.05 89.07 — 59.30 58.45 \$8.50 58.50 66.65

CRUDE OIL (LIGHT) 42,000 U.S. gations, \$

GOLD 100 tray az, S/tray az

Close High Low

320.1 323.3 327.7 331.5

cent of the market.

Since the beginning of last
January Gecomines has sold
cobalt directly to MHO in
Belgium for refining into salts,
powders and other apecial products. Refining was formerly
done on a toll basis which
meant that Zaire had to bear
any adverse price or foreign
exchange movements.

In 1994 conver production

cent of the market.

annual refining contract of some 200,000 tones of standard grade cathodes, Gecamines said.

Kiakwama Kia Kiziki, the head of Gecamines Commerciele, said that Zaire was out of touch with world seen us. No major changes into major changes in products or in totalled 463,900 tonnes (1983—465,800) of which 225,200 was wirebars said that Zaire was out of touch with world ing wirebar producer with an 1985 is 460,100 tonnes.

produce high grade cathodes. This means that fewer standard grade cathodes and blister will be exported to Belgium for

Cobalt exports rose nearly 40

per cent to 13,351 tonnes last year and were worth \$240m.

Exports are expected to rise slightly to 13,500 tonnes in 1985. Zaire is the world's largest exporter with 60 per

Donors postpone talks on investment for Gecamines

BY OUR ZAIRE CORRESPONDENT

AN AID donors' meeting to plies for Gecamines and four discuss the funding of Zaire other major state enterprises. state copper and cobalt mining company Gecamines new \$750m five-year investment pro-gramme, which was scheduled to lake place earlier this month, is now expected to be held in September, according to the company in Kinshasa.

The deley, one of several over the past 18 months, has been

Zambia sees higher copper production PARIS - Zambian refined

copper production is expected to rise to 537,000 tonnes this year from 522,000 in 1984, Luke Mwananshiku, Zambian finance minister, said. Sonatrad, which is managed by Mr Robert Crem, former Belgian head of Gecamines, is intended to stendardise pur-chases and reduce costs. How-ever aid donors say it runs

Cobalt output should remain steady at about 4,000 tonnes.

Mwananshiku noted that
copper output had fallen as
foreign exchange shortages led to difficulties in importing the goods needed for mine production. Production in 1983 was 681,000 in 1980. 575,000 tonnes

CHICAGO

MAIZE 5,000 bu min, conts/56-lb bushel

Close High Low 57.92 86.25 67.17 Oct 58.87 59.10 58.22 Dec 65.50 90.90 60.15 Feb. 61.40 81.60 60.95 April 62.50 62.85 62.25 June 63.35 63.50 63.00 LIVE HOGS 30,000 lb, cents/lb

LONDON MARKETS

BASE METALS

LME prices supplied by Amalgamated Metal Trading

ALUMINIUM

Cash 768,5-9.5 -5.5 968,6 5 months 791,6-2 -5.6 794,9:785

Official closing (am): Cash 788.5 [788.5] 1782.5], three months 790.5-1.5] (804.5): settlement 798.5 [782.5], Final Kerb Close: 794-4 5, Tuinovar: 9,500

Higher grade Unottic ! + or High:Low Cash 1065.5.€ -[0.75 1690 1088,5 Three months 1098.5.€, -15 1165,5 108 Official closing (am): Cosh 1089-90 (1099-100), three months 1104-,5 (1116-7; settlement 1090 (1100). Final Kerb Close: 1097-96.

Cathodes 1070-1 -13 1086:1978 Cash 1070-1 -13 1086:1978 Three m'nths 1085 7 -16 1095 Official closing (am): Cash 1085-6 (1085-8), time months 1096-7 (1104-7); gettlement 1085 (1098). Turnpvar 20,726 (onnes, U.S., Propucer otices 65 50-70 cants one 10

LEAD

	Linofficial closerp.m.i per to	_	.High:ko
Cath 5 months	301.0 0.5 401.5.0	- 3.6 5	301:30 301,5:5
(304-5)	closing (a three month t 302 (305).	301	2 (302.3

NICKEL

Unofficial + or .High: low close p.m.1 — £ per tonno 4165-30 -155 · 4165-315 4110-60 -85 4190-411 Official closing (am): Cash 4130-5 (e275-6), three months 4130-5 (4245-50): eatilament 4135 (4276), Final Karb close: 4125-30, Ternaver: 2,154 tonnes.

TIN

High grade Unotileial + or High/low close p.ml. - for day Official clusing (am): Cesh 9690-700 (10070-80), three months 9480-90 (9525-

35); sonfement 9700 (10080).

Official closing (am): Cash 9670-5) (10070-80), threa months 9480-5 19525-30); salidament 3675 (10080), Finel Karb close: 9480-85. Tumover 1, 165 tonnes. Stratts Irn Sm30, 25 (30 03) kilo.

ZINC

	Unolficia close p.m. £ per t	j —	Nigh. for
Cash 5 months	018 00 598 9	+8	835 830 800,585
Official (605-7). the ectificment 597-78. To	608 (507)	585-5 Final I	i (592 5-3) Kerb close

June 37 + or Month OTHERS

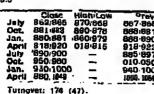
Gold loll \$2, an oance from Wednesday's close in the London bullion marker yesterday to finish at \$3164-3174. The metal opened at \$3164-3164 and traded between a high of \$3174-3174 and a low of \$314-3154. Traping was extremely quiet, and with the dollar showing little overall change, gold found little overall change, gold found little overall change, gold found little overall change. incentive to mave getside ite recen

Close | \$31634 - 31714 | 10245 2451-1 |
Opening | \$31614 - 31634 | 122431-6 8441 |
Mini'g 7134, 5315, 6310,

Krg'r'nd .8326 50634 ½ Krug. 8168.16834 ¼ Krug. 8168.2664 ¼ Krug. 8343.301g Mapletea1 \$327 52734 New Sov. 875 7614 LaNew Sov. 875 761 2012 Sov. 876 778 2012 Sov. 876 78 2012 Sov. 876

FREIGHT FUTURES

The merket opened virtually enchanged today bet there was an increase in ectivity by mipday. The alternoon sow levels come under pressure. elbers in good two-way trading and closing quotations were near the day's lowe, tapons Clarkson Wolff, The Bettic Freight Indox was \$83.5, down \$8.5.



MAIN PRICE CHANGES

viewed with scepticism

TRADERS at the auger amounts," said one broker. symposium here reacted sceptically to the EEC's suspension of subsidised suger exports at move. It is understood that the

Copra Phil 8360z 1 Soyabean (U.S.) 5238 5231 Barley Fut. Sept. £97.15 . +0.45 £98.65 Meize 214e.00 -1.5 £149.50 Wheat Fut Sect £98.00 +0.35 £99.10 No. 3 Hard Wint: Wooltops 64s 453pkilo -4 488pkilo ‡ Unquoted, u Aug. v Juna-July. w Sept. y July. z July-Aug. † Per 16 lb Saek. c Cants par pound.

GRAINS

WHEAT

July wheat temained very dult all day at 50p ec. New crape rase on profit-taking with shipper buying religing nearby batley, reports Mulrosco.

Yesterd'ys + or Yesterdys + or close

July 115.50 +0.50 -5.55 07.15 Nov... 110.30 +0.35 07.15 Nov... 110.30 +0.35 100.80 Mar... 105.10 +0.45 144 50 Mar... 108.20 +5.25 107.00 May 111.40 +0.23 108.05

HOCA—Locational ex-term spot prices. Feed barley: N. West 110.10. The UK monetary coefficient for tha week beginning Monday, Jely 1, will change to 0.984.

The London physical market opened unchanged, enracted little interest throughout the Pay and closed quest, teports Lewis and Peat. Closing prices (bayem): apot 65,00p (seme): July 67,00p (68,75p); Aug 67,00p (68,75). The Kuels Lumper foo price for Rss No. 1 was 200.9 (201.5) cents a kg and for SMR 20 was 171.0 (sems).

In fainly active conditions commis-sion house Ouying ancouraged a re-covery from the recent lows, reports OSL. Prices minerally attesty ground

OSL. Prices mmersep aready eround 10 higher throughout the allermon and as starling dipped slightly and New York advanced further gains were established.

COFFEE Vesterd'ys + or Business Glose Done

RUBBER

BARLEY

GOLD AND PLATINUM COINS (£150 1401a) (£150 1401a) (£27-071a) (£27-071a) (£263-255³a) (£58-50, (£3434-353₂) (£5444-373) (£34814-373) (£34814-373)

SILVER

Silver was fixed 2.55p an ounce lower for appl delivery in the London ballion market yesterPay at 472.8p. U.S. cent equivalents of the fixing levels were: appl 613c, up 1c; thme-month 624c, up 0.65c; aix-month 636.6c, ap 0.5c; and 12-month 663.8c, up 0.3c. The metal opened at 472-475p (913-616c) and closed at 515-618p (476-479c).

LIME—Turnover: 45 (270) lots of 19.000 oz. Cash high/low 672: three months high 489, low 488, linet Larb 488-90.

867-868 868-881 868-890 918-922 885-897 010-050 940-1000 Sales: 3.382 (3,324) lots of 5 tonnes. tCO endicator prices (U.S. cents per pound) (or June 25, Comp. deily 1579 128.19 (128.39); 15-dey everage 131.32 (131.50).

INDICES

FINANCIAL TIMES June 25 June 25 M'th age Year ago 091.04 280.26 982.92 302.67

(8ses July 1 .1952 - 100) . REUTERS

June 27 June 28 M'th ago Year age 1756.4,1760. 7 1830.2 1916.3 (Base: September 18 1931 - 200) MOODY'S May 14 May 18 M'th ago Yearess

921.0' 985.8' _____ (9ese: Occember 31 1931 - 100) Dow June June Month Year Jones 26 . 06 agp | ago

Spot 118.63 118.62 - 135.66 Fut. 118.39.118.70, - 133.67

(Base: December 31 1974 = 100)

COCOA

Futures steeded on the near posi-tion but otherwise traded through t larly active day to class unchanged CPneumers were generally withdrawn Out light groducer offenings was noted reports Gill and Outlus.

Close of or Business July 1737-1739 + 15.5, 1750-1725 Sept. 1707-1708 + 0.0 | 1717-1938 Dec. 1576-1579 - 0.5 | 1834-177 Mar. 1694-1656 - 1.5 | 1831-1831 | May. 1699 1701 + 1.5 | 1702-183 July 1715-1716 - 1.0 | 1714-173 Sept. 1718-1730 - 1789

Business done—Wheat: July 115.50 only, Sept entreded, Nov 101.35-1.30, Jan 106.10-4.75, Merch 108.20-8.05, May 111.40 only, Seles: 62 lots of 100 tonnes. Barley: Sapt 97.15-7.00, Nov 100 80-0.50, Jan entraded, March 107 00 only, May 109.75 only. Seles: 61 lots of 100 tonnes. Sales: 3,659 (4,274) loss of 10 tonne ICCO indicator prices (U.S. centers pound). Only price for June 27: 53.62 (84.13); hve-day sverago in June 36: 53.54 (53.54). CONDON GRAINS—Wheat: U.S. Berk Northern Spring No. 1 15 per cent July 138 85, Aug 136 25, Sept 136 50, Oct 139.95 selters transhoment East Coast. U.S. No. 2 Spht Red Winter July 123, Aug 124.75, Sapt 127.25, Oct 128.00 selters. EC July 114 selter. Ergbah Feed IoO Jane-July 115.50, Aug-Oopt 98 99, Sept 99.50, Oct-Bec 103, Jen-Myrch 109.50 selters East Coast. Makes: U.S. No. 3 Vellow? French transhipment East Coast July 145 seltem. Bartey: English Feed Iob July-Aug 97.50, Sept 39.50 selters East Coast. Rest enquered.

SUGAR

LONDON DAILY PRICE—Rew euger \$37.00 (£67.00), up \$1.00 (unchanged) a tonne for June-July-August delivery. White euger \$132.00, ep \$4.50,

84.945.5 85.486.5 82.87.8 90.230.5 86.486.5 90.6 85.2 34.596.6 85.486.6 90.6 85.2 44.50.5 189.0 185.3 185.4

twornstonel Sugar Agreement (U.S. cents per pound lob and atawed Caribbean purts), Pricts for June 26: Zisily price 2.76 (2.74): 15-day everage 2.76 (earle).

SOYABEAN MEAL

The merket opened 50p essier in mixed timde, imports T. G. Roddick. Prices drifted lower on lack of any fresh naws. Per tonne - 1.80 - 1.80 October - 115,6 115,6 - 1.80 - 1.57,0 115,5 116,6 - 1.80 117,0 118,5 186 - 1.81,121,0 - 1.15,721,2-120,3 Feb. 128,8 128,8 - 1.80 126,3 Apr 127,5 127,5 128,5 - 1.80 127,5 1216, 127,5 128,5 - 1.80 128,5 - 1.80 128,5 - 1.80 128,5 - 1.80 128,5 - 1.80 128,5 - 1.80 128,5 128,5 - 1.80 128,5 128,5 - 1.80 128,5 128,5 - 1.80 128,5 128,5 128,5 - 1.80 128,5

Sales: 2,170 (177) loss of 20 tonnes.

Benend for prompt and forward Brent pushed up prices. By 1 pm EST Nymex were trading 18 cents up for August selvery. In the perculsum ornducts market gas oil prices remained stable in quiet and directionless conditions. Heavy fact prices frimed prices demand into Benelus and the UK. Strong thanand for straight-run fuels from North-West European refiners pushed up prices for all grades—Petrolsum Argus, London.

CRUDE OIL-FOR IS per barrell - July

PRODUCTS—North West Europe Prompt delivery cif is per tonne

6 U.S. per tonn Ternover:

GAS OIL FUTURES

POTATOES The merket was quiet, consolidating income recent suppart levels of C78-C79, basis April swelling lifeth naws and direction, reports Coley and Narpar. Vesterday's Previous Business alose close Done

Sales: 209 (190) fots of 40 tonnes

PIGMEAT

Vesterdays Previous Business o close close Pone p. par kilo (deadwaight)

(-19.07) w (-1.26). SMITHFIELD (Pence per pound)— Beef: Scotch killed sides 77.0 to 81.0 English laregeerizes 52.0 to 59 0: Ulster hindqueriers 85.0 to 50.0. Veal: Oelch

WOOL FUTURES

a steady tone reflecting a general lack of interest and market. Cotton lost ground on the issue of additional ing oil advanced moderately as traders continued to hedge with offsetting purchases in beating oil or gasoline. Make and wheat markets were came under pressure

NEW YORK ALUMINIUM 40,000 lb, cents/lb 43.15 46.50

e per tonne

p. per Nio (deadweight)
Aug. ... 103.00 103.10 :105.00 102.00
Oct. ... 105.60 107.00 107.00 106.18
Nov. ... 105.60 107.00 106.70 106.50
Feb ... 99.00 99.40 39.40
April ... 98.40 99.80 9.60
June ... 100.00 : 98.39

MEAT COMMISSION — Average totalock prices at representative merkers. GB—Canta 98 41p per kg tw (-2.88). GB—Sheap 150.555 per kg est pew (-19.07). GB—Pigs 83.75p per kg

hinds and ands 138.0 to 162.0. Lamo: English small 88.0 to 74.0, madium 88.0 to 72.0, heavy 64.0 to 66.0; Imported: New Zaeland PL 55.0 to 66.5, PX 55.0 to 66.0. Pork: English undar 100 lb 50.0 to 58.5, 100-120 lb 52.5 jp 57.0, 120-150 lb 48.0 to 54.0.

SYONEY GREASY WOOL—Close (in order. Ouyer, seller, businese). Austretian cents per kg. July 523 0, 524 0, 525 0-621.0; Oct 215.0, 520 0, 620 0-616.0; March 527 0, 531.0, nul; May 530.0, 636 0, nul; July 535 0, 540.0, nul; Oct 518.0; 535 0, nul; Oct 518.0; 535 0, nul; Oct 518.0; Sales: 20.

U.S. MARKETS

PRECIOUS METALS showed evening-up shead of U.S. lead-lug indicators and money supply figures, reports Heineld Commodities, Copper continued under pressure on long liquidation ahead of first notice day today. Sugar firmed on reports of Chinese purchases. Coffee benefited from fears of a quota cut and cooler weather moving into Brazil. Cocoa showed little change with buying restrained by indications of overhead producer offers just above the their obort crude oil positions

mixed on liquidation of bull spreads ahead of July deli-veries. The soyabean complex HEATING OIL weather concerns were alle-viated and lower currencies triggered local and profes-sional selling.

Latent 69.10 68.65 69.35 70.10 71.00 71.70 72.10 Close 740.45 137.60 135.60 134.50 134.10 134.10 134.10 134.10 Close 264,4 288.2 273.2 278,2 284.2 Nigh 618.5 629.6 639.6 652.0 650.0 670.5 675.0 683.5 Jefy Sept Dec March May July SUGAR WORLD "1" 112,000 lb, cents/10 COPPER 25,000 10, cente/It High 58.65 58.70 59.70 60.80 60.96 61.70 62.40 62.50 63.20 63.75 Prey 58.69 59.10 59.56 00.85 60.95 61.60 62.06 62.55 53.10 63.85

317.0 316.7 320.8 324.0 326.5 344.1 273.4 257.4 257.4 253.2 262.2 265.0 264.4 249.2 272.0 268.0 250.6 260.0 263.0 262.2 247.4 PORK BELLIES 38,000 lb, centa/lb Close 60.55 61.10 69.30 69.30 70.30 71.00 69.56 Prev 81.05 81.25 70.37 70.40 71.70 71.50 70.80 March 89.30 70.11 May 70.30 71.01 July 71.00 71.00 August 69.55 89.55 SOYABEANS 5.00 bu cents/60-lb busbel Close 564.8 582.2 857.2 580.4 570.4 581.2 580.0 585.0 Prev 568.2 565.2 565.0 574.4 584.4 593.0 598.0 July August Sept Nov Jan March May July SOYABEAN MEAL 100 tone, S/ton Close Nigh Low July Augus Sept Oct Dec Jan March May July 118.8 121.8 724.3 126.8 132.1 134.9 139.5 144.3 148.5 110.6 122.5 125.2 126.0 133.2 136.5 141.0 145.0 748.5 120,3 123.0 125.0 128.5 133.8 136.5 ,140.0 749.6 SOYABEAN OIL 60.000 fb. cents/ib Prev 614.0 617.7 622.5 634.5 639.5 647.9 656.9 666.5 676.8 609.0 618.0 630.5 647.0 656.0 675.0 683.0 Glose 320.2 323.2 329.2 326.5 315.4 301.4 Prev 321.4 324.0 329.2 328.6 317.4 302.4 July Sept Dec March May July

OTHER MARKETS

WINEAT—(U.S. 5 per tonne) U.S. No. 3 5oft Red Winter: Aftoni 139, July 141 50, Aug 143, Sept 148, Oct 146.50 asiliars. U.S. No. 2 Northern Spring, 14 per cent protein: Sept 175, Jely 182 50. Aug 159 50, Sept 158. Oct 184. Nov 185. Oct 184, sellers. U.S. Northarn Opring 18 per cent protein: July 173.50, Aug 170 50, Sept 189, Oct 175, Nov 177, Dec 179, sellers. U.S. No. 3 Hard Amber Dutem: Jely 186, Aug 164, Sept 159, Oct 165, Nov 170, sellers. Canadian No 1 Western Amber Osium: Spot 177, Jely 177, July 177, July 177, July 177, Sellers. Aug 176, Aug/Sept 176.50, Sept 171, sellers.

8UGAR—(FFr per tonne): 1215/1225, Oct 1210/1215. 1225/1235, March 1262/1265, 1300/1310, Aug 1350/1365 COCOA—(FFr per 100 kg): 1950/2050, Sept 2002/2006, 1966/1975, March 1986/1996, May bid, Jely 1995 Ord, Sept 2000 bid

COTTON LIVERPOOL—Spot and shiement seles amounted to 52 ionnes. Restricted operations involved taw iresh deshings. Iinterest was displayed on Fost and Wast African applies. MAIZE—(U.S. \$ per tonna) (U.S. No. 3 Yallow: Afloat 127, Jeno 127.50, Jely 128.25, Aug 125.75, Sept 123, Oct/Dec

More lines urged for railways

SPOT PRICES—Chicago loose 18.50 (ssms) cente per pound. York tin 568.0-75 0 (encected) per pound. Handy and Narmen bullion 614.0 (617.0) cents per bunce.

LOCAL AUTHORITIES should help bring back rail lines closed in the Beeching era, the Central Transport Consultative Council

by partnerships between British Rail end local authorities (a

says.
It says more than 100 lowns with populetion of more than 15,000 which did not have a railway station could be helped open stations or improve bus links to them.

CURRENCIES, MONEY and CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar rises in thin trading

The dollar finished above Wednesday's closing levols yesterday but was some way below the day's highs. Trading was very thin ahead of the end of tho month, ouarier and half-year. The U.S. unit improved during the morning but retreated in the afternoon amid persistent rumours that 6 major U.S. bonk was experiencing financial difficulties. The deliver desired the state of the state o thin trading conditions.

The dollar closed of DM 3.0590 up from DM 3.0430 on Weddesday but down from a high of DM 3.0660. Against the yen it finished at Y248.95 from Y248.40 ond SwFr 2.5640 from SwFr 2.5325. Against the French franc it rose to FFr 9.3175 from FFr 9.2725. On Bank of England figures, the dollar's exchange rate lodex rose from 144.3 to 144.6.

STERLING — Trading range against the dollar in 1985 is 1.3070 to 1.0525. May average 1.2517. Exchange rate index

OTHER CURRENCIES

gay

推動工作 打印心

AND CONTRACT

80.6 against an opening rate of 80.7 and Tuesday's close of 80.8.
The six months ago figure was first six months ago figure was ministers.

Sterling showed little overall change at the close, baving rised against most European turrencies earlier in the day, keeping pace with an initially stronger dollsr. News of a stronger dollsr. News of a first stronger dollsr. Sterling showed little overail change at the close, baving riseb against most European currencies earlier in the day, keeping pace with an initially stronger dollsr. News of a £224m trade surplus of £724m came as a placeant received. carrent secount surplus of £724m came as a pleasant surprise to the market and served to underpin sterling, the latter already becefitting from the relatively high level of UK interest rates and the diminishing prospect of an early cut in clearing bank for the diminishing prospect of an early cut in clearing bank against 120.0 six menths ago. EMS EUROPEAN CURRENCY UNIT RATES

+0.81 -0.94 +0.29 -0.36 +0.33 -1.17 +2.26 +5.96 -5.79 +0.44 --0.21 +2.48 -1.02 +2.26 The dollar closed at DM 3.0530 in Frankfurt, after an earlier fixing level of DM 3.0618, in thin and erratic trading. The U.S. unit remained within its receot trading range however in the absence of any clear trend. Today's U.S. lesding economic indicators may provide some clus to the performance of the U.S. eccanomy but trading is likely to be thin ahead of the month end. The dollar closed at DM 3.0530

Against the yen it closed slightly lower at Y322 from Y322] and FFr 12.04 compared with FFr 12.05. STERLING INDEX June 27 Previous 80.7 80.6 80.7 80.7 80.7 80.8 80.7 80.8 9.00 am 10.00 am 1.00 pm 2.00 pm 3.00 pm

£ IN NEW YORK

June 27 Prev. class £ Spot 51.2940-1.2856 :81.2955-2965 1 month 0.57-0.54 pm (0.67-0.55 pm 1.49-1.45 pm, 1.46-1.45 pm 12 months 4.03-3.80 cm 2.90-3.80 pm

POUND SPOT-FORWARD AGAINST POUND

"4 Three p.s. months
5.15 1.50-1.45pm
9.37 1.33-1.13pm
8.06 63-8-pm
5.13 81-72pm
5.13 81-72pm
7.40 91-8-pm
7.40 91-8-pm
7.40 91-8-pm
7.40 61-8-pm
7.41 111-121-die
5.52 4.90-4.80pm
9.21 401-38-pm
9.21 401-38-pm
1.31 franc 83.00-80,10,10,10,10,10,10 2895-1.2985 1.2920-1.2930 0.57-0.54c pm 1.2695-1.2985 1.2920-1.2930 0.57-0.54c pm 0.57-0.54c pm 0.54-0.45c pm 0.54-0.45c pm 0.54-0.45c pm 1.257-1.265 0.54-0.45c pm 1.2570-1.2560 1.2575-1.265 0.25-0.09p pm 1.2570-1.2560 1.2575-1.2685 0.25-0.09p pm 1.2570-1.2560 1.2575-1.2685 0.25-0.09p pm 1.2570-1.256 0.257-2.265 0.25-0.09p pm 1.257-2.291 2.265-2.265 0.25-0.09p pm 1.254-2.291 2.265-2.265 0.25-0.09p pm 1.254-2.291 2.265-2.291 2.29

% p.s. 4.56 2.96 5.61 2.94 2.49 1.15 8.83 -15.72 --3.44 --1.27 --0.31 1.74 --4.20 8.62 5.50 7.09

the 27 spread Cross Cose month p.s. frames p.s. frontis p UKT Imland† Canada Nathind, Belgium W. Gor. Portugal Speio Itsly Norway Franca Oweden Japan Austria Switz. CURRENCY MOVEMENTS CURRENCY RATES Note Rates 27.68-27.95 78.60-80.40 14.12-14.26 10.00-12.18 5.954-3.074 8500-2645 522-326 4.44-4.48 11.51.11.43 219-235 218-227 11.34-11.45 5.294-3.3814 2.264-1.504

outsche mark... 1980-1982=100. Rank of Evol (base average 1975=100).

C\$/SDR rate for June 25: 1,36132.

DOLLAR SPOT-FORWARD AGAINST DOLLAR

EXCHANGE CROSS RATES

June 27	Pound Si'rling	U.S. Dollar	Deutschens	C. Panara Yen	FrenchFranc	Swiss Franc	Duteh Gulk	tallen Lira	Canada Polle	riseigian Franc
Pound Sterling U.S. Dollar	0,774	1.293	3,965 3,058	528.0 349.0	12.04 9,512	3.813 8,584	4,458 8,447	. 2620, 1050,	1,758	79.50 01,60
Deutschehnerk	0,255	0,227	12,26	81.48	5.044. ··	. 0.558	1.127	. 637.9	0.448	90.18
Japanese Von 1,000	3,106	4,014		1000,	37,39	. 10,29	. 15.84	7896.	5,475	347,2
ranch Franc 10	0,302	1,074	5,285	257.4	10.	2,761	5.700	2093.	1,454	66,31
Swiss Franc		0,890	1,194	27,21	3,636	1.	1,345	760,8	0,535	74,05
Outch Guilder Italian Lira 1000	0,024 0,597	0,890 0,815	0,887 1,869	79.24 127,6	2,701 4,778	0.748 1.514	1.76S	565,3 1000,	0.395	17,86 31,59
Canadian Bollar	0.567	U,753	2,243	182,6	5,829	1,878	8,522	1429.	2215	45.15
Belgian Franc 100	1.256	1,624	4,959	404,5	15,18	4,151	5.600	3166.		100,

URO-CURRENCY INTEREST RATES (Market clos)

June 27	Sterling	Ī	U.S. Dollar	Canadian	Culider	Swiss Franc	D-mark	French Franc	Italian Lira	Beigla, Conv.	Fin.	Yen	Panish Krone
7 days' notice	18,, 137	:	744-714 754-714 71. 714 71. 714 8814 814 814	876 936 936 036 916 934 039 036 8,5 974 936 10	654.7 612 212 634.678 612 612 612 612	36-38 212-34 54-54 813-54 94-94 54-56	5 % 5 % 6 % 5 % 5 % 5 % 5 % 5 % 6 % 5 % 5 % 6 %	10/g-10/s 10/g-10/4 10/g-10/4 10/g-10/6 10/g-10/6 11/g-11/6	7.9 13-14 1514-1334 1316-14 1334-3418 1414-1434	773 Ela 834 O 838 913 869 873 876 876 O 4-039	85g 87g 85g 87g 85g 67g 85g 67g 85g 87g 8 kg 96g	6-618 6-4-6-76 6-4-6-76 8-4-6-8 0-4-6-8 5-7-6-76	10-101 10-101 10-101 21-101 21-10

MONEY MARKETS

Slightly firmer tone in London

Inlorest rates had a slightly firmer lune on the London money market yesterday, but dealers said this tended to be only noticeable in the higher rates put on paper by nonclearing banks. Threemonth interbank finished unchanged at 12 per cent. In the afternoon f169m bills in band 12 it 12 per cent, and discount large large per cent, and discount large large per cent, and discount large large large large large per cent, and f128m bank bills in band 4 at 12 per cent; and f20m bank bills in band 4 at 12 per cent. The Bank of England also provided late assistance of around at 12 per cent, and f128m bank bills in band 4 at 12 per cent. The Bank of England also provided late assistance of around f128m bank bills in band 1 21 ber cent. In the afternoon f169m bills in band 1 21 large per cent, and f128m bank bills in band 4 at 12 per cent. The Bank of England also provided late assistance of around f128m bank bills in band 1 21 large per cent. The sall for the two powers are bought outright, by way of at take-up of Treasury bills are take-up of Treasury bills in band 4 at 12 per cent; and f20m bank bills in band 4 at 12 per cent; and f20m bank bills in band 4 at 12 per cent; and f20m bank bills in band 4 at 12 per cent; and f20m bank bills in band 4 at 12 per cent; and f20m bank bills in band 4 at 12 per cent; f10m bank bills in band 4 at 12 per cent; f10m bank bills in band 4 at 12 per cent; f10m bank bills in band 4 at 12 per cent; f10m bank bills in band 4 at 12 per cent; f10m bank bills in band 4 at 12 per cent; f10m bank bills in band 4 at 12 per cent; f10m bank bills in band 4 at 12 per cent; f10m bank bills in band 4 at 12 per cent; f10m bank bills in band 4 at 12 per cent; f10m bank bills in band 4 at 12 per cent; f10m bank bills in band 4 at 12 per cent; f10m bank bills in band 4 at 12 per cent; f10m bank bills in band 4 at 12 per cent; f10m bank bills in band 4 at 12 per cent; f10m bank bills in band 4 at 12 per cent; f10m bank bills in band 4 at 12 per cent; f10m bank bills in band 4 at 12 per cent; f10m bank month bank bills were steady at 12 per cent. A slightly difficult day is expected today, as many bulls held by the Bank of England mature, while issuers may be reluctant to pur out new paper until the start of the new half year on Monday.

UK elearing banks hase lending rate 121 per cent

The Bank of England forecast a market shortage of ISOm, but changed this to f850m in the afternoon. Total help supplied on the day was f834m.

An early round of help was offered and at that time the aothorities bought f225m bills outright by way of f56m bank hills in band 1 tup to 14 days majurity) at 122 per cent; f85m bank bills in band 2 (15-33 days) at 121 per cent; and f58m bank bills in band 3 (34-53 days) at 12 per cent; and f58m bank bills in band 4 (64-91 days) at 12 per cent. Before lunch another 1190m bills were purchased ourright,

FT LONDON

INTERBANK FIXING 111.00 a m. June 97. 5 months U.S. doffale but 734 5 months U.S. dollars

Frankfurt | Paris | Zurich | Amat'dam | Tukyo | Milan

MONEY RATES

Three months Six months Lombard		5,2 5, 5,0		• -	654	634	Ξ	84	-	14-12
LONDON	MONE	RATE	s	D	scount	House	Depos	it and	Bill	Rate
June. 97	Sterling Certificate of deposit	Interbank	Local Authority deposits	Company	Merket Deposits	Tressury (Suy)	Treasury (Seli)	Eligible Bank (Buy)	Engible Bank (Sell)	Trad (Bu)
Overnight	15% 19% 12% 19% 12% 18% 12% 18%	TO 12.4		, =	12·193, 12·193, 12·193, 12·1	152 1616 1113	124	104 128 128 118-118	104	1224
One month. Two months Fire months Fire months Fire months Fire months Fire year Four years Four years	Local Authnespotable boots 15-127s 127s 127s 127s 127s 127s 127s 127s	Lecal Authority Deposits	1858 7 1853 7 1814 7 1814 7 1814 7	Deposits, E 7.55-7.65, 7.6-7.75 7.65-7.75 7.85-7.05 8 2-8.3 8 3-8.3 8 3-8.3	7-1:-7-2 73-4 8 73-8 71-8 71-8 71-8	United Peposits Ok 935 Ok 935 Ok 945 Ok 945 Ok 945	MONEY NEW YOR Prime rais Broker loan Fed tonde Fed tunde s Treasury B One month Tune month Tune month	min	htime)	7%
ECGD Fis June 4 (includ days' notice, or the Financ and Scottuh flor sums at Average tende (Sorias 6): D ono-lines thon 12 per cent; 1 June 27 Dep withdrawn for	omara savor e Housne A learing Bani seven days r rate of Si sposite £100 line 121, pet nino-12 moni osita held s	per conj. deys' lixe speciation): k Retes lot notice 6. spount 11.91 000 and centithree- the 12 per ander Series	d Finance 15 per cer lending 121; 65-2 75 per (71 per cen ver held ut gix months	Houses 2: I from Jun por cent. Cent [ne t. Certifica Ider one m 12% per ce	ase Rats post 1985. Senk Dopo tt), Treasu tes of Tas sonth 12% to the Tas 11% pat of	Asy 8 to me asymptotic between the composite of the contract o	Six month One year Treasury B Two year Three year Four year Seven year Seven year 30 year 30 year	onds		7.05

Options open

FINANCIAL FUTURES

Option trading began on the London International Financial Futures Exchange yesterday. This produced a lively start and in a burst of enthusiasm used up much of the early energy in the market. Dealers noted that the September contract in the pound was particularly active.

The new form of trading initially detracted from the interest shown in futures, but it soon became evident that U.S. Treasury bonds bad made a very encouraging start. September delivery was expected to open lower, but after a strong rise in the cash bond in Tokyo the price opened firmer at 75-28. This was still nearly the lowest level of the day and the market soon began to move further ahead, to close at the day's peak of 76-10 compared with 75-24 previously.

Traders were pleased to see week bas now been dismissed as an aberration caused by large defence contracts.

Eurodollar futures tended to follow bonds, finishing near the day's hight, while sterilog denominated contracts remained dull as any hopes of lower UK interest rates have been put back by the recept comments by the Chapcellor of the Exchequer, and an nervousness about next month's Opec meeting and the UK money supply figures. Traders were pleased to see

LONDON Close High Iow Pn Sept 76-10 78-10 75-27 75-Dec 75-10 — 74-March 74-10 — 74-Estimated volume 3.782 [2.664) Pravious day's open int 2.063 [2.027) THREE-MONTH EURODOLLAR Close High Low Prev 51.89 91.51 91.94 91.64 91.65 91.51 91.94 91.64 91.64 91.64 91.65 91.95 91.95 90.95 90.95 90.43 91.69 90.95 90.43 91.69 91.69 90.43 91.69 91.6 CHICAGO U.S. TREASURY BOMOS (C2T) 8% \$100,000 32nde of 100% Close High I ow Prev Sept 88.24 88.40 88.23 88.32 Dec 88.71 88.77 88.72 88.77 88.77 88.77 June 88.89 — 88.86 88.95 88.78 88.78 88.95 Estimated volume 1,523 (1.658) Previous day's open int 5.157 (8,141) 20-YEAR 12% NOTIONAL CHT 550,000 32nds of 100% Close High Lew Prev Sapt 119-08 119-15 121-21 119-11 Dac 119-23 — 110-25 March 119-31 — 110-25 March 119-31 — 111-02 Estimated volume 1,121 (1,234) Previous day's ope nint 2,825 (2,765) Basis quots (clear cash price of 13% Y Trassury 2003 leas equivalent price of near futures contract) —25 to —15 (32nde). Latest High 92.57 92.57 92.17 92.16 91.70 91.71 Close High Low Prev Sept 0.3232 0.3300 0.3278 0.3272 Dec 0.3218 - 0.3298 Estimated volume 200 (473) Previous day's open int 252 (258) Latest High 91.90 91.90 91.40 81.41 90.96 90.51 90.51 90.51 90.55 90.55 90.56 90.51 90.66 89.72 89.41 89.46 SWISS FRANCS Swfr 125,000 \$ per 5wfr IAPANESE YEN Y12.5m \$ per Y100 Sept 0.4031 0.4036 0.4036 0.4030 Estimuted volume 2 (200) Previous day's open int 288 (165) ONNIA (CST) E% 5100,000 32nds of 100% June 123.15 124.60 122.80 124.50 Sept. 124.60 122.80 124.50 Sept. 124.60 125.83 122.75 125.63 Estimental volumes 788 (372) Previous day's open lex 1.830 (1,582)

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Starting Currency-625,000 c per £ | Eurodollar Future Previous day's open interest Calls N/a Puts N/s Cells 191 For full details of settlement prices call Louisa Powell at LIFFE on D1-623 0444 LIFFE, Royal Exchange, London ECSV 3PJ.

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S WORLD VALUE OF THE DOLLAR

BANK OF AMERICA NT & SA, ECONOMICS DEPARTMENT, LONDON

The table below gives the rates of exchange for the U.S. dollar against various currencies as of Wednesday, June 26, 1925. The exchange rates listed are middle rates between buying and

transactions.

Bank of America NT & SA does not undertake to trade in all listed foreign currencies, and neither Bank of America NT & SA nor the Financial Times assume responsibility for errors.

COUNTRY

Bank of America, Economics Dept., E.M.E.A. London Eurodollar Libor as of June 26 at 11.00 a.m. 3 months: 711 6 months: 81

VALUE OF

ECU=\$U5.734015 SDR1=SUS.997642 Sibor as of June 26 at 11.00 a.m 3 months: 8 6 months: 8 6 months: 81

CURRENCY

VALUE OF

COUNTRY	CURRENCY	DOLLAR	COUNTRY	CURRENCY		DOLLAR	COUNTRY	CURRENCY	DOLLAR
Afohanistan	Atetual (o)	50,60	Grenada Guadeloupe Cuam	E. Caribbean 5	_;	8,70	Paraguay,	(Quarant (q.q.)	940,00
Afghanistan	Luk	7.8392	Cuadeloupe	Franc	i	2.525	Lan after	(Cuarani (d)	635.00
1 AIDEFIR	. Unar	5.07	Cuam	U.S. 5		1.00	Peru	Sol 10)	110.92
7-9-2	Fr. France	2,525	Cuatemala	Quetzal (0)		1.00	Philippines	Peso	18.48
Andorra.	Sp. Pesetz	175,20		Quetzal (h, i)	r	5.10_	Pitoairn is	N.Z. Dellar	3,112
Angela	Kwanza	29,212	Guinea Bissau	Peso		47,525 24,7435	Poland	Zioty (0) (5)	150.00
ATTIOUR	E. Caribbean 5	2.70	Guinea Rep	Svii		24,7435	Portugal	Escudo	175.25
Argenting	Austral (2)	0,805	Guyana	Dollar	i	4.16	Puerto Rico	U.S. \$	1.00
f Assertedin	Doller	2.4948	Naiti Honduras Rep	Gourdo		5.00			,
Arretela	Sehillino	21.51	Honduras Rep	Lempira	i	B,00	Qatar	Riyal	3,641
AZZITER AND	POIL EMEUOR	175,25	Hong Kong	Lempira (d)		2,55	Rounian, Ilo do la	Fr. Franc	0,525
Bahamas	DOUBLE .	1.00	Hong Kong	Dollar		7.762	Romania	Fen ioi	4.47
Bahrain -	. Dinar	0.5769	Hungary	Forint	- 1	60,771	Rwanda	Franc	102,655
Balcario B	. So. Pessta	175.20	lociand	Kronn		41,88	St. Christopher	E. Deribbean 5	· 6.70
Bangladosh	. Taka	87.60	India	Rupes		1.2,32	St Helena	Pound*	. 1.2554
Barbados	. Dollar -	2.0115	Indonesia	Ruplah	1 17	110,00	St. Lucia	E. Caribbean 5	2.70
Beiglum	Francio)	51.5125	Tan	Rial (0)	i	92,5121	St. Piorre	Fr. Franc	9,525
Designat	Franc (1)	61.965	Irag	Oinar		0.8109	St. Vincent	E. Caribbean 5	. 2.70
Belize	- Dollar	2.00	triet Rep	Punt*	- 1	1,0238	Samoa (Western)	Tala	2,2909
Beain	. C.F.A. Frano	466.98 1,00	icrae)	2koket		127.00	Samos (Am.)	u.s. s	1,00
Bermuda	Donar	18.30	Italy	Lira		51.00	San Marino	IL Lira	1951.00
Shutan	Ind. Kupee	75,000	Ivory Coast	C.F.A. France	- 4	66.25	Sao Tome &	-	
508via	Peso IO	F10,000					Principe DR	Dobra	45,8569
Botswana	17-000 (1)	510,000 1,7544 5870.00	Јалгајов	Dellar (o) (5)		5.85	Saudi Arabia	Rival (7)	3.58
Brazil	Commiss to	5970 00	Japan		٠,	42.00	20nogaj	C.F.A. France	466.28
Ormel	Dollar	2.248	Joidan	Dinar		0.3887	Seyonelles	Rupeo	7.2515
Britancia	l ev	1.0465	Kampuchea	Rief			Sierra Leone	Leone	B.00
Bulgaria	CEA FORD	466,25	Kenye Kiribati	Shilling	1	n.a. 15,0343	Singapore	Dollar	2.246
Burma	Kvat	2.5886	Kirlbati	Aust.Dellar	1	1.4948	Solomon Is	Dollar	1.5004
Berundi	France	122,969	Korea INthu	Won		0.94	Somali Rep	Shilling	55,60
Cameroun Rp	C.F.A. France	456,25	Korea":Sthj	Won	, 1	874.10	South Atrica	Rand	1,9654
Canada	Dollar	1.3632	Kuwall	Oinar .	-1	0.8033	5pain		175,20
Canary La	Bo. Pesetz	175,30	Lan Pole D. Rep	KIP	i	55.00	2pan Ports in N. 1		
Gape Verdo Is	Escudo	89.2598	Lebanon	Pound	i	16.00	Africa	Sp. Pesets	. 175.20
Cayman Is.	. Dollar	0.855	Lesotho	MAIOU	į		Bri Lanka	Rupeo	27.40
Gen. Africa Rep Chad Chila	C.F.A. Franc	466.25	Liberia	DONAL	4	1.00 0.2981	Sudan Rep	Pound (10)	2,60
Chad	C.F.A. Frano	466,25	Libya	DINE!		2.5602	Surinem	Gulidor	1.785
Chila	Peso (0)	155.57 8,8779	Liechtenst'n	LIV France		21.8125	\$waziland	. Lilangoni	1.0654
China	Renminbi Yuan	152.80	Macro	Petace	i	8.0585	Sweden	Krenz	6.8225
Colombia	Peso (gi	466.25	Madagasoar D. R.	France		640.214	Switzerland	Frane	2.5602
Comoros	C.F.A. Franc		Madeira	Port. Escudo	•	178.25	Syria	Pound to)	5,225
Congo Pois Rep. of	COPIAL PERIOD	50.35	Malawi	Kwacha 8		1.7755		mall-stat	40.00
Costa Rica	Bese	0.0311	Malaysia	Ringelt	i	0,486	Talwan	Dellar 107	17.50
COURT	Bound?	1,6005	Maldive Is.	Reflya	1	7.00	TanzaniaThailand	Smiling	97.48
Czechoslovakie	Korune (m)	6.95	Maji RD	C.F.A. France	. ! '	466.28	Togo Rep	C.E.A. Erano	466.68
Denmark	Krone	10,0775	Maita	. Lira*	- 1	2,1063	Topos le	Palenge	1.4940
Olibouti Rp. ot	FIERO	180,368	Martiniquo	. Franc	į.	6.395	Tonga is Trinidad & Tobago	Dollar	6,409
Dominica	. E. Caribbean 5	0.70	Mauritania	. Ougalya	1	87.15	Tunisia	Dinar	0.8518
Domin. Rep.	(Peso	1.00	Mauritius	. Rupeo		15,40 244,87	Turkey	Liro	836,178
Souther trability	i Peso Id1	5.14	Mexico	Peso Idi	-	228,66	Turks & Calcos	. U.S. 5	- 1.00
	(Sucre to,c)	67.18	Micuelon	Fr. France		6.525	Tuvalu,	. Aust. Dollar	1.4948
Equador	Sucreidi	110.00 95.75	Monrop	Fr. France	1	0.325			
	(Bound	0.83	Monsoo	Tugrik (b)	į	8.8555	Uganda	Shilling.	508,20
Egypt	Bound (c)	1.325	Montaerrat	E. Caribbean S	-4	0,70	United Arab Emir.	Dicham	· 5.575
1	Colon	8.60	The second secon		į		Utd. Kingdom	Pound Sterling	1,2884
El Salvador	Colon (d)	5.00	Morocco	Dirham		10,50	Druguay	Peso Imi	94.88
Eg'ti Guines	C.F.A.Pranc (4)	466.25	Mozembioue	Metica	1	43,45	นายตนอง บรธณ	Rouble	0.861
Ethiopia	Birrio	2.0705	Namibia	S. A. Rand	1	1.9654			
Paerpe is	Dan. Krone	10.9775	The second second		•		Vanuatu	. Vatu	110.26
Falkland G.	. Pound*	1.2884	Nauru te	Aust. Dollar		1.4948	Vatican	Lira	. 1851.00
Fill	. Dollar	1.1765	Nepal	Rupeo	•	18.50		Bolivar 10)	7.50
Finland	. Markka	. 8,3016	Notherlands	Culider		5.4507	Vatican	Bollvar (0: (1)	4.50
France	. Franc	8,525	Noth Ant'les	Quilder		1.60		BOILAST 10:	15.96 13,07
Fr. C'ty in A1	. C.F.A. Franc	466,98 0.895	New Zeeland	Dellar Condoba	- 1	8,116 10.00	Vietnam	Core of 151	100.256
Fr. Pac. Is	PIENO	169.545	Niceragua	Develope of		600.00	Virgin Is. British	11.8. S	1.00
Pr. PEG. IS annual	C.F.F. PFERS	465.25	Niger Rp	C. F. A.F.CR.CC		466.25	Virgin Is. U.S	. U.S. 5	1,00
Gabon	Delegi	8.8808	Mica-i-	Maire		0.895			7.35
Gambia Germany (E)	Ostmark ini	8,0213	Manager Manage	Кгопе		6,6612	Yemen Yemon PDR	. KIAI	0.343
I Germany IW)	. MALY K	· 5.0613	Norway	Diel		0.3456	Yugoslavie	. Dinar	288.47
Ohana	Cedi (3)	53.00	Annual Contract At						
Ohana	Pound*	1.2884	Pakistan	Rupee	:	15.007a	Zairo Rep	Zaire	39.6358
Gra &CC	Dracnna .	136,50	Panama	. Balbos.	:	1.00 1.083	Zembin	. Kwache	8.8613 1.6664
Greeniand	Den. Krone	10,0775	Papua N.G	. KITE	•	1.002	Zimbabwe	- GOIRE	1.0004

o.a. Not evaluable. (m) Market rate. *11.5. dollars per National Catrancy unit. (a) Presmarket central bank. (b) Difficial rate. (b) Freemarket. (c) Commercial mis. (d) Freemarket. (e) Controlled. (1) Financial rate. (a) Preferenției Rates. (h) Non-essential importa. (i) Ploating tourist rate. (f) Venesual For debts incurred prior to February 1983. (2) Ghanat April 15. official devaluation of 5.5%. (3) Folund: June 1, official devaluation of 13.2%. (4) Equation 15. 25%. (4) Equation 15. 25%. (5) Jamaica: Nov 8. Rate adjustment fixed by Cantrel Sank bi-waskly socion. (5) Ventuare Difficial devaluation of 1.1 per cent. (8) Argentina: June 15, Now Currency Introduced: 1 Augmin 1,000 Peacs. For turther information please contact your local branch of the Senk of Amstroa.

Financial Times Friday June 28 1985			AND—Cont. MINES—Continued
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19 15 Re 4 M Han 100	23 685 520 Continental & Ind 6244 1 20 0 6 47 182 155 Kitch'ri. Laylor 10:	148	2318 10 10 10 10 10 10 10

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A TOTAL OF THE TANK OF THE T

Weak tone continues but late rally takes eq leaders away from year's lowest

Optiop *First Declara- Last Account Dealings tlons Dealings Day
June 17 June 27 June 28 July 8
July 1 July 11 July 12 July 22
July 15 July 25 July 26 Aug 5

"New-time" dealings may take
place from 9.30 am two business days
earlier.

"New-time" dealings may take
dealings from 9.30 am two business days
earlier.

sardier.

Declines on the Londoo equity morket showed few signs of abating for much of yesterday. By mid-afterocon, share prices were down to their lowest levels since December 13 with traders increasingly pessimistic and forecastiog e continuation of the free-fall. At 2 pm this mood had lowered the FT Ordinary share index over 97 points in the past three weeks. The reasons for the depression remained unaltered and included cash shortageo as a result of over-funding. Attention yeoterday focused on Hanson Trust, and again on Thorn EMI. The situation regarding Hansoo new nil-paid shares eroused concern that much of the £519m issue could be left with the underwriters. An instalment of £1 on each new share is due on Tuesday and et one stage the price fell to appremium.

Wild talk that Thoro EMI had

EQUITY GROUPS

& SUB-SECTIONS

CAPITAL 6000S (207)
Building Materials (23)
Contracting, Construction (29)

Electronics (37)
Mechanical Engineering (63)
Metals and Metal Forming (7)
Motors (27)
Other Industrial Materials (27)
Other Industrial Materials (27)
Brewers and Pistillers (23)
Food Manufacturing (20)
Food Retailing (14)
Health and Household Products (14)
Newspapers, Publishing (12)

Newspapers, Publishing (12).
Packaging and Paper (14).
Stores (41).
Textiles (19).

Shipping and Transport (12). Miscellaneous (63)..... Telephone Networks (2)

insurance (Life) (9). hisurance (Composite) (7) ... Insurance (Broke-s) (71 Verchant Banks (11)

Property (50)..... Other Financial(251.

2 5-15 years ..

3 Over 15 years.

8 All stocks 118-29

estment Trusts (106) dialog Finance (4).

FT-SE 100 SHARE INSEX

FIXED INTEREST

+0.01

10932 +0.15 109.16

Wed June 26

117.61

110.29

+0.22 128.90

+0.25 134.70

+0.04 146.20 127.76 +0.15 127.57

Ther June 27

117.62

129.19

135.04

146.27

Electronics (37) ...

which were offer for sale recently and et one stage the price fell to ip premium before rallying to ip premium.

Wild talk that Thoro EMI had run into financial problems and had approached the Bank of England savaged the shares which dropped to 345p prioc to the group's strong disclaimer of any such action. Thoro EMI, thought to be a bid target for Hanson just a short while ago, subsequently steadied but at 358p, the price has dropped over the past two sessions.

Other blue chip industrials were also down by double-figuce amounts just before the official close. After-hours, however, the scene chenged quite dramstically. A technical recovery held at last and touched off renewed demand which saw values respond sharply. Encouraged also by early firmness on Wall Street, the market rallied to the extent that a fall of 13.5, at 2 pm, in the FT Ordinary index was reduced to only 2.6 at 933.9.

Gilt-edged investors were not dismayed by the Chancellor's lack of encouragement on interest rates. Some decided to commit funds on the back of the rising sterling exchange rate and longer-dated gained in places. News of the May surplus on UK trade account made little impact oo sentiment in either Giliedged or equities.

Hogg Robinson rise

News of the May surplies on UK needed to a 1985 low of 1529 trade account made little impact trade account made little impact to sentiment in either Gitting the accusely disappoint of the composition of the first state of the composition of the first state of the prefecting the accusely disappoint of the composition of the first state of the prefecting the accusely disappoint of the composition of the first state of the prefecting the accusely disappoint of the composition of the first state of the prefecting the accusely disappoint of the composition of the first state of the prefecting the accusely disappoint of the composition of the first state of the prefecting the accusely disappoint of the composition of the first state of the prefecting the accusely disappoint of the composition of the first state of the prefecting the accusely disappoint of the composition of the first state of the prefecting the accusely disappoint of the composition of the first state of the prefecting the accusely disappoint of the composition of the first state of the other states and the first state of the other states and the faculty of the composition of the first state of the other states and the faculty of the composition of the first state of the other states and the faculty of the composition of the first states of the other states and the faculty of the composition of the first states of the other states and the faculty of the composition of the first states of the other states and the faculty of the composition of the first states and the faculty of the composition of the first states accusely disappoint of the composition of the first states and the faculty of the composition of the first states and the faculty of the composition of the first states and the faculty of the composition of the first states and the faculty of the composition of the first states and the faculty of the composition of the first states and the faculty of the composition of the first states and the faculty of the composition of the first states of

Thur June 27 1985

Gross Div. Yield% (ACT at 30%)

| Mo. | Charge | (Max.) | (ACTat | (Net) | to date | No. | N

| Index | Day's | Day's | Day's | June | Jun

-0.9 -0.5 -2.1 -0.4 -0.7 -0.4 -0.8 -1.0

566.13 -0.3 266.11 -1.4 626.80 -0.9 594.86 -0.5

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nd adj 1965 to deta

5.76

7,34

6.70

7*.*27

5,97

3.30

BRITISH GOVERNMENT INDEX-LINKED STOCKS

1.83

FINANCIAL TIMES STOCK INDICES

;	June 27		June 25	June 24	Juna 21	June 20	year ago
Government Secs	\$1.86	21,81	21.77	31,99	31.en	31.94	78,40
Fixed Interest	86.42	86.67	86,35	85,58	86.70	86.49	82,50
Ordinary	933,9,	936.0	950,1	965,2	263,2	974.1	807,1
Gold Mines	438,2	439.0	445.5.	440,8	440.3	432,3	648,4
Ord. Blv. Ylaid,	4.95	4.90	4,86	4.80	4,81,	4.75	. 4,90
Earnings, Yld.% (full)	12.41.	13.56	12.17	18,03	10.06	11,91	11.40
P/E Ratio (netr(*) ,	2.84	9.88	10.04	10.10	10.10	10,25	10,54
Total bargains (Est.							
Equity turnover £m					330,34		
Equity bargains					24,939		
Ohares traded (ml)	-	209, 6	202,0	140.8	177.2	250,1	113.7
					—- <u>-</u> -		
10 am 936.1.		n 930.2		n 925.8.	1 pr	n_823.2	

Fised Int, 1928. . Ordinary 1/7/35. Cold Mines 12/10/55. 3E Activity 1974. Latest Index 01-246 * NII ≠8.52.

HIGHS AND LOWS

S.E. ACTIVITY INDICES

	1985		Since Co	mpliat'n		June .	June 25
	High	Low	H10h	Low	Dally Gift Edged		
. 8ecs.	88.17 (19/6)	78.03 (28/1)	127,4 (8/1/55)	49.18 (8/1/75)	Bergains Equities Bargains	114,7	185.5
d Int	86.72 (21/8)	23,17 (28/I)	190.4 (28/11/47)		Valua 8 dayAverage	707.9	778.0
пагу	1024.0 (22/1)	(5/1)	1024.0 (22/1/85)	73.7	Bargains	100,9	129.9
Mines	836,9 (18/4)	421,8 (19/6)	734.7 16/2/88)	43,5 (26)10/71;	Bargains	144.3 723.8	142.4 595.2

Second-lina Stores were irregular. Dixons, annual results due July 17, olumped to 645p before settling only 7 lower on balance at 660p, but sellers held sway in Body Shop, 655p, and Heme Charm, 314p, down 20 and 12 respectively. Superdrug hardened a few pence to 408p on the increased first-quarter profits, but the annual profits setback clipped 3 from Walker and Staff, at 32p. Lincroft Kligone dipped 7 to 163p and Pepe fell another 3 to 73p, after 68p, ahead of the respectiva annual and interim results, dua naxt Tuesday. Stormgard's offer for Selincourt bas been declared unconditional as to acceptances, the former claiming control of over

Toes June 25

8.53 | 351.89 | 356.01 | 361.94 | 272.14 | 20.10 | 1076.11 | 1089.25 | 1098.72 | 756.63 | 2.95 | 223.24 | 226.26 | 225.59 | 193.94 | 8.04 | 598.87 | 598.29 | 605.92 | 560.04 | 66.7 | 264.07 | 267.73 | 271.74 | 230.09 | 252.59 | 269.78 | 271.15 | 274.02 | 230.19 | 20.25 | 532.47 | 633.21 | 641.67 | 514.28 | 10.44 | 598.14 | 504.06 | 612.99 | 483.87 |

Thur June 27

10.30 19.60 10.28 11.36 10.87 10.39 11.41 11.02 10.58 10.03

11.94 11.69 11.50

3.45 3.45

11.11 10.54 12.87 11.53 10.94 12.18 11.73 10.96 10.43

12.42 12.22 12.11

10.30 10.30 11.37 10.99 10.42 11.44 11.05 10.00

11.93 11.72

11.52

Mon June 24

Holex No.

pence to 105p following the interim figures.

Mid-term reusits from Trust-house Forte were regarded as uninspiriog, but the shares, lifted by the general late recovery, rose 4 to 128p.

Reed Int improve

Miscellaneous industrial leaders ended another difficult day with a late technical raily. The closing trend was therefore mixed with Reed International prominent in after-hours and recovering from 57/0 to first 12 deems of in after-hours and recovering from 570p to finish 12 dearer on

ward a couple of pence to 182p, after 177p. Beecham, however, remained friendless at 315, down 5, and BOC lost 6 to 269p. Elsewhere, Bowater declined 8 to 245p and English China Clays 4 to 214p with the letter's new nil. to 214p with the latter's new nil-paid shares stuck at 1p premium. Longton industrial gave up 9 to 103p following the results, while Anglo Nordic softened a penny

NEW HIGHS AND LOWS FOR 1985 NEW HIGHS (11)

ELECTRICALS (1)

NEW LOWS (229) AMERICANS (3) CANADIANS (3)

Bive Bird Contec'y HOTELS (1)

Gen Doin, & Mins.

Anglo Nordic softened a penny to 34p despite an encouraging statement, which accompanied the annual figures. Dalget lost 15 to 398p, and Cookson fell 18 to 315p, while A. and P. Appledare eased 7 more to 273p and Powell Duffryn 9 to 268p. Wire and Plastic dropped 15 to 125p.

Leisure otocks showed little sing of a rally. Late selling hit Pineapple Dance, 9 off at 33p, and Miss World. 20 lower at 195p; earlier in the week Mr Michael Asberoft's Hawley sold sizeable holdings in both companies. Insight dipped 6 more to 162p, while Barr and Walkace Arnold Trust A gave n pa similar amount at 96p.

York Trailer advanced 11 to 26p. York Trailer advanced 11 to 26p. York Trailer advanced 11 to 26p. Among the junior exploration

Araold Trust A gave n pa similar amount at 96p.
York Trailer advanced 11 to 43p, a couple of pence below the surprise agreed cash offer from United Parcels, 4 lower as 66p. E.E.F. in contrast, eased 2 to 40p following the substantial full-year deficit. Elsewhere in Motors, Jaguar raillied from initial weakness to finish a net 2 up at 271p. In Disributors, Lex Service, 185p. Adams and Gibbon. 232p, fell 5 and 6 respectively, but fresh support was noted for Glanfield Lawrence, 6 higher at 53p. stocks, recent speculative favor its Gem Exploration initial bardened to a record 94p pri to ending the day unchanged of balance at 82p.

Gartenkeis Restrats. (1)
MOTORS (2)
York Tyaller Glanfield Lawrence
Asset Special Sits.

YESTERDAY at 46p, while Aran Eoergy gave up 2 to a low of 27p. Eglinton and Bryson fell 3 spiece to 47p and 80p respectively. Recent hld favourite Caledonian Offshore fell further to 480p at the outset hut subsequently recovered strongly to end a net 20 to the good at 510p. Falcon Resources put on 5 to 75p, while Great Western Resources held

at 215p following the interim results. Among Australian oil, Woodside retreated 5 to 72p on the proposed A\$208m rights issue in the ration of one-for-three at A\$1.25 a share.

EUROPEAN OPTIONS EXCHANGE 4,60 8 20 04 98 43 F1.94 14 Fl.229.2 FL 108.50 GIST P MEIN C NEIN P NOOG C NOOG F KLM P NEDL C NEDL P 10.60 #Ft.190.50 12 10 05 30 43 06 F1.146.10 F1.58.30 FI.3Ö.70 FL160 19 30 17 — 934 107 410 F1.70 F1.67.50 Fr.6903 Fr.6909 'r.6,500 F1.00 F1.55 0.10 0.90 850 0.40 NATH C NATH C PEO C PEO P PETR C PETR P PHIL C PHIL P Fr6620 5.50 1.80 4 RD C RD P RD P ROSE C ROSE P UNIL C UNIL P 86 00 25 6.20 FL 78,50 2.10 6.30 8 F1.350 6.50 1.60 TOTAL VOLUME IN CONTRACTS: 17.441 8=81d

RECENT ISSUES

411147	EQU	JII IES	-	_						
UITY to reflected aneasier trend in	serve prior	Amount paid up Latost Ronuno.	194 High		Stock	Ciosing			Times	
York overnight, triggered early bont of light selling sure in South African Golds the sector remained on the sat for the rest of the session. Gold Mines index gave up more to 430.9—for a two-day of 14.6—while hullion was ly a net 30.25 off at \$317 an et, having touched a day's of around \$315 around midmancials remained under sure, especially the London theerd issues which were	995 180 128 176 176 160 175 160 175 1870 1890 1897 1897	F.P. 28/6 F.P. 28/7 200 10/9 F.P. 31/5 F.P. 31/5 F.P. 31/6 F.P. 31/6 F.P. 31/6 F.P. 31/6	227 138 180 134 263 91 175 180 180 180 180 180 180 180 180 180 180	176 99 175 99 168 10 101 260 74 ¹ / ₂ 110 73 390	*Abbeycrest 10p	170 78 99 150 27 158 101 260 77 190 380 385	-2 -15 -5 +1	13.0 19.1 16.55 16.55 16.55 16.55 16.75 11.0 10.5 10.75 10.75 10.75	3.0 0.0 3.1 0.5 3.4 0.5 1.9 1.9 4.1	200546 0 2 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0
tionally weakened by the tactback in domestic equity tests. Rio Tinto-Zine lost and for the third successive ing session and settled a her 8 down at a 1985 low to 6 552p.	140 190 5100 50 41 5136 4171	F.P. 12/7 F.P. — F.P. 7/3 F.P. 26/7 F.P. 0/7 F.P. 7/0 F.P. 19/7	100 27 110 189 604 47's 142 225 425 135	155 104 143 60 37 128 180 305	isl 10p	03 105 183 50 07 189 103 320	7 2 10	bi.5 bg2.0 b.gl.8 01.8 62.75 b5.0 ul.26	4.8 3.8 25.4 4.0 4.0	0.7

	Sure. Western Mining dropped 9 to 1929 while new lows for the year were common to Bougain-	FIXED INTEREST STOCKS
	ville and Peko-Wallsend, which fell 6 apiece to 99p and 208p respectively. Golds weakened oppreciably; Central Norseman gave up 10 to 368p, Gold Mines	heate transfer of the price of
	of Kalgoories 15 to 420p and Poseidon 8 to 170p. Among the junior exploration stocks, recent speculative favourlis Gem Exploration initially bardened to a record 94p prior to ending the day unchanged on balance at 32p. Traded Options remained lively. Total contracts struck amounted to 9,741, comprising 5,392 calls and 4,349 puts. The	
i	FT-SE 100 Index option accounted for 2,550 contracts.	RIGHTS OFFERS

issue price	Id up	Latest Renunc.	198	5	Stock	Olosing
price	22	date	High	Low		5ª
103	FD	18/7	216	128	(Anchor Chemical)	186
_ '	F.P.	16/8	Opm		A	4 Om
r.0.40	ND	5/7	9 Sbw		! Aran Energy 20p	370 S
350 145	F.P.	5/7	406	670	BARZON (G.M.) (UU	18pm.
145	NII		30pm		#Slue Arrow	14pm
190	NII	9/8	Spm	45 pm	Emess Lighting	40pm
190	NA	65/7	55pm 19pm	Japan	English China Cinys	. lapm.
220 210 134	NII	90//	02pm	Sam	Evered	6pm
110	F.P.	11/7	160	133	- Godwin Warrer	163
80	F.P.	86/6	83	80	MGrosvenor Square 100	85
180	NII		23pm	kenm	Hanson Trust	112pm
180 250	Nii	. –	46pm	60nm	London United 200	20pm
190	NII	12/7	1712 mm	3pm	Sunlight Service 10p	3pm-
120	F.P.	12/7	130		Suter 3p	112
370	NII	i -	30pm	12pm	Taylor Woodrow	13pm
10	F.P.	12/7	401g	27	"The Times" Vencer	176 i
	F.p.	12(7	011	176	Tomkins (F.H.) 3p	43pm
500	NII F.P.	66,7	90pm	45pm	Union Discount £1	

2 F.P. 66,7 612 614 Willaire Systems 212	+ 4
Renunciation date usually last day for dealing free of stamp duty. It besed on prospectus estrimates. g Assumed divided and yield. u of divided cover besed on previous year's samings. p Peace unless on Indicated. I saued by tender. S Offered holders of ordinary shares rights." ** Issued by way of capitalisation. §§ Reintroduced. It is connection with reorganisation merger or takeover. Mallotment lett fully paid. If (attroduction	erwis de letut

NG5 (13)	"rights." " leaned by
CALS (9)	la connection with reorge
tes (7)	to connection with tend
CALS (ES)	fully paid. If (atroduct)
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IDS (3) ELS (2)	
RIALS (36)	
ANGE (3)	1
URK (3)	LATRIC STAC
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ER (2) RTY 115)	
RTY ITS)	Above everage wetlivity w
ING (2)	the following stocks yest
LES (41	Stock
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116) TRADERS (2)	
TRADERS (2)	Allied Lyons
LIOME (1)	Surmah Oll
ES (12)	Burton
	Geers Gross
	Imperial Group
	Legal and General
D FALLS	Pentlend Inds
	Prudential

British Funds Corpos, Pom, and	Piens FB	Falls 11	Same 39
Foreign Bonds	6	4	68
Industrials	145	531	782
Financial and Props.	40	240	272
Dits	11	44	72
Fleatstions	1	3	12
Mines	3	73	96
Others	36	170	94
Totals	304	1.018	1,437

CKS

Was noted in C. H. Bailey and Crystalate.
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Closing Oay's
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Pentierd Inds	Stock Che Cable and Wire Debenhama Thorn EMI Allied-Lyona Ferrant Shall Trans Reuters 6		Osy's
ticals, GEC, British Telecom, 8 1,437 Tranwood, Thorn EMI, Berkeley LONDON TRADED OPT	Peniland Inds	936	- 1S
	Recal Elects	12 148	- 9

				LO	ND	ON	TR	ADED O	PTI	ON:	5				
		c	ALLS			PUTS		T		0	ALLS			PUTS	
Optio	n	Jly.	Oct.	Jan.	Jly.	Oct.	Jan.	Option	1	Aug.	Nov.	Fob.	Aug.	Nov.	Feb.
8.P. (*563)	460 500 650 500	68 30 8	83 47 22 12	65 33 23	6 7 63 82	8 20 40 85	23 46 68	Lonrho (*168)	160 180 200	14 4 14 30	21 8 40	34 14 -	13 30	13 — 18	18 18
Cons. Gold (*514)	460 600 550 600	66 60 10 g	78 47 27 a	37 37 14	8 45 50	8 20 52 92	97 60 63	(*340)	330 360 390	14 0 8	25 11 -	32 90	20 50 46	27 80 	28 60 -
Courtavide (*139)	130 140 190	11 0 14	20 13 8	24 18 0	0 3 63	4 0 23	10 24	(*146) RT-Z	160 180 200	34	14 8 4	20 14 8	18 56 56	50 00 56	02 03 00
Com. Union (*20a)	180 260 220 640	28 13 0 2	35 22 10 7	20 19 19	3 7 19 38	13 60 40	17 00 40	(*864) Vaal Roofs (*891)	80 90	15 3 13 7	25 13 15 83	30 1712 1112	02 160 8 7	37 102 44 81	51 ₂
B.E.C. (*196)	160 180 200 220	14 3 1	90 10 4	26 111 3	0 18 34 86	8 20 36 56	10 82 38	Ex109 1989 (*£95)	160 110	34 1 1 4 4	114	714	12 to 2	15 204 0+	17
Grand Met. (*283)	280 300 330	10 5	22 15 1	30 92 11	20 50	10 25 53	18 80 53		94 96 98	015 015 015	145	3 18 2 4	0 15 8 36	1	115
I.C.1. (*789)	700 750 800	47 18 1	37 30 17	74 47 25	20 77	13 45 82	25 55 95	Tr. 1128 05/67 (*£106)	108	1 14 012	0 /2 234 134	31 ₂ 31 ₂	01g 11g 93g	11a 17p 01s	1.k 2.h 3
Land Sec. (*265)	260 280 300	14 4 11 ₀	25 10 7	30 18 10	5 18 86	5 18 35	90 55	11pts BTR	on .	Sept.	Дес. 40	Mar.	Sept.	Dec.	Mar.
Marke & Sp. (*150)	180 130 140 160	10 7 3	10 12 7 04	18 10 418	8 5 38	5 15 33	18 35	(*055) Beecham	350 350 060	17 -	28 -	45 27	ao -	30	23 40
Shell Trans. (*695)	600 660 700 760	105 68 18	73 28 90	85 53 30	5 4 18 58	11 28 53	13 33 65	("318) Base	330 080 390	13 n 0	23 14 0	80	17 45 75	22 45 70	20
Traf'gar Hee (*326)		10 4	28	28	7 28	11	19	(*822) De Beers	580 600	90 8	30 17	37	35 80	42 82	66
	060 383	14	5	<u></u>	68	68	39	(*85,27) CKN	500 360	60 27	90 47	23	20 56	48 72	60 80
Option		Aug.	Nov.	Feb.	AUB.	Nov.	Feb.	(*216)	560 220 040	29 17 8	37 23 10	45 50 19	5 12 24	16 27	10 12 29
BAT Inds. (*318)	300 330 360	28 13 4	38 20 7	46 98	8 26 50	11 30 50	13 08	Plaxo (*1000) Hanson	1200 1300 180	85 40	110 60	140 80	98 75	80	05 100 10
Sarclays (*372)	330 360 385	47 18	87 06	47	80 97	0 30	in -	(*181)	133 180 200 213 230	13 -	17 9 0	18	19 19 58 30	22 35	05
Brit. Aero (*301)	300 485 060 090	15	8 27 14	97 - 33 20	70 22 45	70 27 43	37 30 48	Januar (*,871)	260 280 300 360	88 18 8	32 23 10 8	08 28	11 20 34 61	10 26 32 65	18 28
Bt. Telecom	420 450 120	55	6 14	2	73 116	73 113	76	Tesad (*530)	636 856 680	18 7	67 17	=	10 20 43	14 30 46	=
[*172)	130 140 150 160 170	43 00 93 14	- - - - - - - - - - - - - - - - - - -	<u>20</u>	0 kg 1 1 kg 3 kg	1 5	11101	£/0 (*129,45¢ts)	130 126 130 135	10.45 6.65 4.26 2.30	11.05 6.45 6.13 4.10	3.70	1.70 6.50 6.10 8.30	5.90 6.00 8.80 11.80	5.60 7.80 10.60 13.50
	000 620	5 2 1	12 8 3	19 18 7	7 13 36 63	18 34 54	12 66 86	8/DM (*32.78 cts)	32 33 34	1,64 1,04 0,32	2.10 1.88 1.18	2.54 2.02 1.68	0.60 1.05 1.80	1.04 1.44 3.05	1.22 1.06 2.16
(*161)	160 180 200 220	27 13 3 14	13 1t 4	03 13	10 20 39	16 23 41	16 26	Option FT-8E Indax		June 37	8ept.	Dec.	June 1	Sept.	0ec.
LASMO (*248)	240 260 280 693 000	55 17 0 6	32 00 13 10	45 80 22	6 80 38 60	12 23 40 60	15 28 43	(*1650)	1230 1300 1660	1 1 tracts	42 20 7	Calle	22 75 165		53 80 127 4,549
		- '	- 1	15	- 1	- 1	60		* 1111	derlyin	8 3000	rity pr)oe	. 44	-1-made

Golds down again from 570p to finish 12 dearer on balance at 592p. Boots ended 3 drift easier on general lack of to the good at 182p, after 175p, interest. Bullion's initial decline, * Underlying scoursty price

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WORLD STOCK MARKETS

	WORLD DIO	CR WINKERES
AUSTRIA: GERMANY , NORWAY	AUSTRALIA (continued) , JAPAN (continued)	
June 97 Price + or June 97 Price + or June 27	Price + or Price + or Price + or June 27 Aust.8 - June 27 You	CANADA
Greditanetalt 375 - 6 AEG Telet 143 +8 Bergens Bank.	157 Gen. Pro. Trust 2.95 MHI 322 +1	
Oreditanstatt	394 +4	Sales Stack High Low Close Clong Seles Stack High Low Close Chang Sales Sal
Masrunfall	135 —1.5 Kis Ora Gold 0.15 —0.81 Nippon Denso1,260 —70	TORONTO 2500 Czar Res 100 175 180 -5 31500 MCC 575 350 570 +20 23475 Torotair B 1 527 2656 2504 -14 2660 Dacon Day 465 455 460 4657 4660 466
##F. Bank 534 +9 535 545	97.5 + 1.5 Mayne Hickless - 3.98 + 0.12 Mippon Elect - 1.040 +10 Mippon E	Prices at 2.30pm. June 27 10425 Denison A p 8117a 11% 11% 11% -14 3200 Meriand E 385 385 385 385 -10 2400 Trins Mt 512 11% 12 2700 Devision B 5181 11% 11% -14 1870 Melson A I 5161 18% 1870 1885 -10 2400 Trins Mt 512 11% 12 2700 Devision B 5181 18% 1870 Melson A I 5162 18% 1870 18% 1870 Melson A I 5162 18% 1870 Melson B 5163 18% 1870 Melson A I 5162 18% 1870 Melson A I 5162 18% 1870 Melson B 5163 18% 1870 Melson A I 5162 18% 1870 Melson A I
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interport 2 150 at Under 68 +1.5	99 +0.0 Vamgas 4.9 Ricch 935 130 130 Wastern Mining 5.75 -0.12 Sanlyo 120 2424 150 Woodside Petrol 1.48 -0.22 Sapporo 478 -7 Woodworths 2.84 +0.02 Sapporo 478 -7 Woodworths 2.84 +0.02 Sekieuf Pretab 711 -1 Wormsid linti. 3.7 Seven-Eleven 8.680 -20	227 Argus C pr \$11\ \(\) 1 1 1 1 1 1 1 700 Egulty Svr \$7 63, 61, -\(\) -\(\) 205 Cehewe A \$31\ \(\) 305 51 550 Ako I 3 \) 95 95 96 91\ \(\) 1292 97 98 98 98 98 98 98 98
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Modefennessy 1,960 -86 Hed M'd Bank 198,2 +0.2 Aust, Cons. Ind	1.19 +0.84 JAL 7,380 -200 Angro Am Coal 54 +0.5 -2.65 +0.85 Juneo - 7,380 +1 Anglo Am Corp 29,1 -0.2	Peoplex 88 135 274 26 264 1 Second .05 5185 71 76 72 14 Tottoys 4 27 255 27 +24 Longton Ind
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Financial Times Friday June 28 1985 **NEW YORK STOCK EXCHANGE COMPOSITE** 7 St. 100 St. 2177. 4417. 4574. 32% 22% 87% 87% 37 12% 38% 251593 \$1524 \$1524 \$1554 GATX 1.20 4.2 13 GCAC 1 1.41 GEO 1 1.41 GEO 1 1.41 GEO 1 1.50 GEE 1 2.06 9 GTE 1 2.50 6.9 GTE 1 2.46 18. GEO 1 2.47 23 GESPIT 4.0 4.5 18 GEO 1 2.56 2.8 14 GEO 1 2.56 2.8 15 GEO 1 2.56 2. 25 19 9.4 7.8 54 6.8 8 11. 3.4 14) D 5.7 5 1.9 4.7 0 JWT s 1,13 JRIver .56 Jernevy12 JenF 1.44e JeffP 1.52 JerC pf 2.18 Jovann 1.50 John 1.50 Joyan 1 Josten s 50 Joyan 1 811 350 18 1 D 41 45 911 331/2 014/9 25 111/4 42/4 18/4 417/8 25 24/4 331₂ 32 35 113₁ 181₂ 181₄ 1463₄ 42 25 25 26 241₄ 129 157 186 191 299 3 16 248 60 5 55 116 41 684 8 Delians .65 5.76 Demons .65 5.76 Demons .65 5.76 Demons .65 1.9 Denois .65 5.76 Demons .65 1.9 Denois .65 1.8 Delians .65 1.4 16 Dever .65 1.4 16 Dever .65 1.4 16 Dever .65 1.4 16 Deser .65 1.4 16 Dese 15 617 5 617 5 617 5 617 4 5 6 6 7 7 4 5 6 7 7 4 5 6 7 7 8 7 8 7 7.7.7.4114.6574.7.5 8 107.7.8 234 107.7.8 234 107.7.8 234 107.7.8 234 107.7.8 234 107.7.8 234 107.7.9 254 107.7.0 254 107.7.0 254 107.7.0 NAFCO 1 NBD 6 1.40 NBI 1.32 NCH 1.32 NC | Column | C CESS CCX CCX pt 1.26 CCX CCX pt 2.26 CCX pt 2.26 CCG pt 4.10 CCAN 1.24 CCNW 1.26 CCNW 1. .1 31 3.3 10 3.2 6 1.8 10 6.7 6 11. 5.6 8 .8 12 4.3 10 1.2 15 8.8 8 EGG .48 1 EOK r 1.26 7 EagleP1 .44 2 Easco wd Easco wd Easch price .44 2 Easco wd Easch price .44 2 Easch price .45 2 Easch .45 2 Ea 241 40 1418 181; 757 184, 359 184, 800 312 556 112, 91 224, 91 32, 91 8: 154 173 472 176 158 362 0 470 1163 2 5 41.80 f .28e or .40 ans .68i ∧N⊕X6,40 6.3 9 10. 11. 23. 3.5 6 5.2 13 6.0 9 4.6 3.8 9 8.3 6 6.5 6. 0 3.7 11. 11. 11. Chrim pr Chrysl7 1 29 3 1804 3574 Chubb st20 3.0 16 178 7334 Chubb st20 3.0 16 178 7334 Chubb st20 3.0 16 94 809 Churcha.44 2.5 15 2973 1792 Chucrba.44 2.5 15 2973 1792 Chicary 2.32 2.5 15 2973 1792 Chicary 19.30 13. 2510 7212 Chicary 19.30 13. 2510 7212 Chicary 19.30 13. 2510 7212 Chicary 19.30 13. 2500 744 Chick 7.4 21 15 164 3552 Chicary 18. 4 12 296 2312 Chicary 18. 4 12 296 2312 Chicary 18. 4 12 296 2312 Chicary 19. 4 4 500 2612 Chicary 19. 4 5 200 10012 Chicary 19. 13. 13 178 124 Chicary 19. 4 4 500 2612 Chicary 19. 4 5 200 10012 Chicary 19. 13. 13 178 124 Chicary 19. 4 5 200 10012 Chicary 19. 13. 13 178 124 Chicary 19. 14. 15. 164 Chicary 19. 14. 15 One per 14 DidaGE 2 Olin 1.5 Orincre Oneida .60 ONEOX2.50 OranRi2.14 Orange .53 Orion C .78 Orion pf .50 Orion pf .57 Outbild Bd .75 Outbild ### Company of the co 339/18 2 15 1 1 2 | Display | Disp

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Concerted assault on peaks

THE SUCCESSFUL progress of the U.S. Treasury's \$17bn refunding programme gave a boost to investors' confidence on Wall Street yesterday, helping the stock market to reach a record level, writes Terry Byland in New York.

Bond prices rose by nearly one full point ahead of the auction of \$4.5bn in 20-year Treasury bonds, while T-bond rates opened sharply lower after renewed nervousness in the hanking sec-

The stock market broke through its previous peak once again within the first half hour of trading as stocks responded to optimism for a solution to the latest impasse in the Senate over budget legislation.

At 3pm the Dow Jones industrial average was up 8.96 at 1,332.77. This compares with a previous closing

peak of 1,327,28. In the banking sector, nervousness over the losses disclosed in the bankruptcy filings of Hunt International Resources unsettled some stocks. First Chicago, the largest creditor with \$81.8m in loans, eased \$% to \$22. Bankers Trust, with \$23.8m in Hunt loans, rallied from

Wednesday's fall, rising \$1% to \$68%. Other banking stocks firmed, J. P. Morgan gaining \$% to \$50% and Chase Manhattan \$% to \$59%. Manufacturers Hanover at \$39 was \$1/2 better.

1000

NEW YORK

LONDON

FT Ord

FT-SE 100

FT-A 500

Tokyo SE

AUSTRALIA

All Ord.

AUSTRIA

BELGIUM

CANADA

Metals & Mins.

Credit Aktler

Belgian SE

Composite

Portfolio

DENNIARK

FRANCE

CAC Gen

FAZ-Aktien

HONG KONG

ITALY

Hang Seng

Banca Comm

NETHERLANDS

ANP-CBS Gen

ANP-CBS Ind

NORWAY

Oslo SE

SINGAPORE

JSE Golds JSE Industrial

Madrid SE

SWITZERLAND

Capital Int'l

Swiss Bank ind

SPAIN

SWEDEN

WORLD

Straits Times

SOUTH AFRICA

Ind. Tendance

Commerzbank

TOKYO

FT-A All-share

FT Gold mines

FT-A Long gilt

DJ Industrials

DJ Transport

S&P Composite

Frankfurt Commerzbank

Paris CAC General

1961

1,332.77*

661.75

191.27

164.65*

933 9

594.86

648.25

10.58

102.10

131.51*

127.0

175.0

321.66

443.5

213.9

GOLD (per ounce)

2,313.58 2,314.57

Dec 31,1982 · 100

1982

Previous.

656.48

163.83

1,236.5 598.14

651.35

439.0

12,841.60 12,910.29 10,311.00

1,024.0 1,028.30 789.27

862.0

508.8

102.29

131.81

128.5

478.15 473.64 347.78

1,411.2 1,399.7 1,001.8

1,581.70 1,565.19 924.97

210.4

174.6

322.21

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104,99

1,333.14 1,315,42 1,477,47

443.3

213.3

785.20 784.27

123.8

879.71

961.0

357.9

173.8

n/a 337.46 211.43

1,886.6 1,864.0 2,704.8 2,210.4

10.60

1983

Year ago

466.26

123.99

1,038.3

483.87

527.04

10.92

413.6

54.04

107.79

DM

Yen

FF

Lira

BFr C\$

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1,323.81 1,118.72

190.06 151.64

KEY MARKET MONITORS

Bid speculation in airline stocks drove the Dow transportation average upwards in early trading. The develop-ments at TWA bave focused market attention on the prospects for industry takeovers. With United apparently safe now that it has drained off its surplus pension funds, speculators have turned

Pan American, the most active stock in the market, touched its 52-week peak of \$7 before settling at \$6%, a net \$% up with more than 2m shares traded by

Among the domestic carriers, American Airlines jumped \$1% to \$47% but Delta dipped \$% to \$49, after the board again said it knew no reason for the

stock's activity.

Eastern added \$\% to \$8\%, also on speculative buying. But United at \$52% was

AT&T rallied from its weakness since IBM announced its foray into the tele-phone market. At \$23%, AT&T was \$% higher in average trading.
IBM gained \$\% to \$123\% as investors

continued to welcome the group's investment in MCI Communications, which gained a further \$% to \$11. GTE, also a major telephone system operator, dipped \$% to \$40%.

Oil industry stocks were mixed with Standard Oil of Ohio, controlled by British Petroleum, down \$\% to \$47\% after disclosing a \$50m charge against earnings. Enserch, the energy group, edged up \$% to \$25% despite taking a \$225m

charge. Exxon added \$\% to \$53\% in quiet trad-ing but Atlantic Richfield, still troubled by the unexpected retirement of a top corporate officer, eased \$% to \$59%.

Lower car sales for the early June period continued to hold back motor stocks. General Motors was unchanged

1985 Jun

STERLING

1,2985

3.956

322.75

3.295

1.7664

12%

5% 5% 10%

7*% 8% 7% 7.55 6.99

Price Yield

99% 8.97

99° 1 10.40 105% 10.54

105% 10.664

101% 10.05

79½ 9.00 83% 11.10

11.55 81.544 11.65

Yield

June 27 Previous

2,520.0 2,525.0 79.6 79.55

1.2925

3.955

322.0

12.04

1.763

5% 5%

7% 8% 9%° 7.50° 8.89°

3.3125

ILS. DOLLAR

3.043

248.4

9.2725

2.5325

1,946.0

81.35

1.364

INTEREST RATES

U.S BONDS

100²⁹/₃₂ 10.21 105¹¹/₃₂ 10.354

106'% 10.522

Yield

8.95

8.90

10.60

83% 11.00

June 27

Price

101%

79%

99%

11.80 Feb 2013 101.875 11.30 101.825 11.60

12% Dec 2012 101.354 12.00 101.104 12.10

FINANCIAL FUTURES

Latest High

92.18 92.21

76-04 76-13 75-28 75-14

92.81 92.76 92.74 92.70

81.89 91.91 91.84 91.81

110-08 110-15 110-07 110-11

June 27 Previous

3.059

248.95

9.3175

2.564

1,949.5

1,3635

DM

(offered rate) 3-month U.S.\$ 6-month U.S.\$

U.S. Fed Funds U.S.3-month CDs

1992 1995

10% June 1990

3% July 1990 8% May 2000

10% March 1983 100%

Federated Dept Stores

10% May 2013 91.794

U.S. Treasury Bonds (CBT)

Sept 76-04 76-U.S. Tressury Bills (IIIII)

Certificates of Deposit (IMM)

Diamond Sharwock

10% May 1993

Abbot Lab

CHECAGO

8% 32nds of 100%

\$1m points of 100%

\$1m points of 100%

\$1m points of 100%

20-year Notional Gib

£50,000 32nds of 100%

LONDON

Sept

11% 2015

11%

11%

61.6

at \$71% although both Ford at \$44% and Chrysler at \$35% edged forward.

Increased turnover in the stock market continued to boost stocks in the brokerage houses. At \$31%, Merrill Lynch added a further \$%, while Phibro Salomon gained \$% to \$41% in brisk turnover. Quick & Reilly, the discount broker which announced higher earnings for the quarter, was \$% better at \$23%.

Speculative activity in the medical supply group intensified, with American Hospital Supply (AHS) \$1% higher at \$39% as traders awaited news from the board meeting of Baxter Travenol. which is expected to press ahead with its offer for AHS. Hospital Corporation of America edged up by \$% to \$49, Reflecting Wall Street's conviction that its agreed merger with AHS will be brushed aside by the Baxter offer.

Despite the softening in the dollar, drug stocks were easier. Abbott Laboratories shed \$1% to \$56% in a spate of profit-taking. Merck resumed its upward

rack, adding \$1/2 to \$113. Chemical issues were in good form as the signs of economic growth raised expectations of increased demand for industrial chemicals. Du Pont added \$1/4 to \$57%, Monsanto \$% to \$48% and Dow Chemical 5% to \$35%.

Treasury bill yields remained down despite a brief recovery at mid-session. However, commercial money market rates were often higher.

The bond market responded vigorously to the successful outcome of the first two Treasury auctions to be held this week, and 20-year issues were three quarters of a point up ahead of the sale of similar federal bonds. Some Japanese buying was reported, and trading houses were able to reduce the weight of stock acquired last week.

LONDON

Late upturn from six month low

THE DECLINE in London equity mar-kets continued yesterday with cash shortages caused by over-funding further depressing activity.

By mid-afternoon share prices were at

their lowest level since December 13. However, a late recovery edged prices higher and left the FT Ordinary index to close down 2.6 at 933.9. Gilts were firm, backed by continued gains by sterling, and gains by longer-

dated issues were up to % in places.

Chief price changes, Page 45; Details, Page 44; Share information service, Pages 42-43

HONG KONG

MARKET speculation that Swire Pacific planned to sell a recently-acquired development site primed an advance in Hong Kong that took the Hang Seng index up 16.51 to 1,581.70.

The company had no immediate comment on the rumours but its shares advanced 50 cents to HK\$24.

Hongkong Land put on 15 cents to HK\$5.80 in response to Wednesday's announcement that it was to sell its trading operation in Singapore to Cold

SINGAPORE

SOME short covering, after the previous day's falls, left Singapore to close mixed in lethargic trading on the last day of

the monthly account.

The Straits Times industrial index edged just 0.93 ahead to 784.93. Among actively traded stocks. Sigma gained 5 cents to S\$2.25 and Pan Electric

2 cents to S\$2.32. Sime Darby was 1 cent ahead at S\$1.97. Cold Storage rose 3 cents to S\$2.55 af-

ter its purchase of Hongkong Land's trading operations in Singapore.

SOUTH AFRICA

THE continued absence of incentives to buy left Johannesburg gold stocks to close at their lows for the day. Kloof shed R1 to R79 while among the

cheaper priced producers, Loraine was 25 cents lower at R9.40. Other sectors were little changed. Among platinum stocks, Impala eased 5 cents to R16.80, while Rustenburg was 5 cents higher at

AUSTRALIA

A DEPRESSED resources sector, in the wake of lower copper prices, was particularly offset by buoyancy among industrial stocks in Sydney, leaving the All Ordinaries index 1.2 lower on halance at

Allens, the subject of an improved A\$4.65-a-share offer traded 2.5m shares, gaining 10 cents to A\$70. Myer Emporium was also actively

traded, adding 12 cents to A\$2.40. Strong foreign demand was reported, on expectations of a bid for Myer.

moderately active trading. Canadian Pacific traded C\$% lower at C\$19% in continued reaction to the sale by its single largest shareholder Power Corp, of its 6 per cent stake.

Canamax Resources was CS% easier at CS6 after announcing that the latest drill holes at its Ontario gold project had produced poorer results than earlier

Montreal was also marginally lower.

EUROPE

Frankfurt regains composure

COMPOSURE returned to trading in Frankfurt yesterday as domestic and foreign investors again asserted control and averted a further erosion of the steep, two-month advance.

The Commerzbank index recovered 11.50 to 1,411.2. Yesterday, the bank restated Wednesday's loss as 33.50, not 60.30 as previously announced.

Banking and motor stocks remained

the centre of activity and were of particular interest to foreign investors.

Dresdner again showed the large price fluctuation, adding DM 15 to DM 244, while Commerzbank firmed DM 6.50 to DM 202.50 and Deutsche Bank 50

pfg to DM 587.50.
All automotive stocks returned to favour after Wednesday's beavy selling. Volkswagen firmed throughout the day to finish at a high of DM 315 while BMW rose by the same amount to DM 434, Daimler-Benz DM 4 to DM 833 and Porsche DM 20 to 1,478.

Allianz also rebounded with a DM 42 increase to DM 1,517, but was down from its high for the day of DM 1,530.

Holzmann which fell heavily on Wednesday following a property of the state o

nesday following news of expected lower earnings this year returned strongly with a DM 57 jump to DM 462. BASF's statement that it expected im-

proved results during the current year pushed the shares up DM 2.10 to DM 226.70 and AEG also benefited from favourable corporate news with a DM 6 rise to DM 143.

Engineering stocks were also well supported. Linde closed DM 10 higher at DM 520, Mannesmann DM 3 to DM 186 and GHH DM 3.30 at DM 168.

Bonds were generally firmer, with some small isolated declines. The Bun-desbank sold DM 38m worth of domestic bonds after purchases worth DM 41.3m on Wednesday.

Zurich was active with continued heavy buying in the banking sector aiding the achievement of the second con-secutive record by the Swiss Bank industrial index.

As most leading issues forged ahead, the index added 1.60 to 443.50. Among the banks Bank Leu firmed SwFr 65 to SwFr 3,940, Swiss Bank SwFr 12 to SwFr 448, Swiss Volksbank SwFr 12 to SwFr 1,700 and Crédit Suisse SwFr 10 to

Foreign buying interest was behind much of the support for banking stocks which also flowed over into the insur-ance sector, although prices movements

among these were smaller.

Swissair led a generally stronger transport section with a SwFr 50 improvement to SwFr 1,340.

Trading on the bond market was thin with many traders out of the market. After a weak opening, Amsterdam prices recovered ground in response to encouraging domestic and international

Amro's plans to take over European Banking Company injected life into the entire sector. Amro firmed 70 cents to FI 78.10 while ABN was FI 2.50 higher at FI

Among other major groups, Unilever turned its Fl 1.10 opening loss into a rise of 50 cents to Fl 351 and Akzo and Royal Dutch/Shell each firmed 60 cents to F1

107.50 and F1 197.40 respectively. Insurers moved against the trend and were marginally lower in light business. Aegon was down 70 cents to F1 94.30 and Amev gave up 50 cents to Fi 246.50.

There were widespread falls in Paris as buying interest abated despite continued general optimism about business prospects, reinforced by the latest monthly survey from the National Statistics Institute.

By the close of trading advances out-numbered declines by 131 to 39, while the CAC index was down 2.7 to 225.70.

The construction sector felt the weight of selling, with Bouygues falling FFr 9 to FFr 805 and Lafarge Coppee FFr 20 to FFr 534. Michelin continued to decline and closed FFr 24 lower at FFr 1,168 while Peugeot eased FFr 12 to FFr 403. Trading in Brussels was quiet with price movements confined to a narrow

Petrofina fell for the second consecutive day amid continuing concern about the world oil price. The shares eased BFr 30 to BFr 5,640. Utilities were lower with Ebes down BFr 35 to BFr 2,935 and Intercom off BFr 5 to BFr 2,120.

Stockholm recovered some of the ground lost during recent weeks on in-creased turnover. The Veckans Affarer index moved to its highest level for two weeks with a 6.3 rise to 457.8. Electrolux led the advance, firming

SKr 9 to SKr 255 and Pharmacia was also heavily traded as it added SKr 3 to SKr 174. Milan continued to edge lower as prof-

it-takers remained active. Madrid firmed marginally after several weaker sessions.

TOKYO

Decline as profits are taken

MEDIUM and low-priced stocks encoun tered profit-taking in Tokyo yestening, pushing prices down across a broad front, writes Shigeo Nishiwaki of Re

There was little interest in large capital issues and many blue chip and big.

technologies lost gound.

The Nikkei-Dow market average which hit a record on Wednesday, planmeted 137 at one point hut closed a new 68.69 lower, the first decline in five see

Volume dropped from 646.59m shares to 358.01m. Losers outpaced gainers 433 to 320, with 137 issues unchanged. Only a handful of stocks were in da mand. Ube Industries added Y25 to Y26

and topped the active list with 30.00m shares changing hands. The company reported development of a rheumatian treatment provided the impetus.

Meiji Milk Products, added Y4 to Y500 on reports of its new mass-production technology for a hepatitis B vaccine: Investors bought Konishiroku Photo

Industry, pushing it up Y12 to Y70, ahead of its launch of a colour copier later this year. Mitsuboshi Belting, which developed a belt for continuously variable automobile transmissions, closed Y17 higher at Y663.

But Keisei Electric Railway eased Ylle to Y462 on the second heaviest trading of 9.17m shares. Taiyo Fishery and Teijir-also dropped Y2 to Y312 and Y6 to Y465. respectively, while Snow Brand closed Y15 lower at Y555.

Some broking houses and non-life in-surances, which had gained sharply on Wednesday, declined. Nomura Securi-ties lost Y30 to Y1,290, Taisho Marine and Fire Y9 to Y588, and Tokio Marine and Fire Y5 to Y935.

As for blue chips, Hitachi and Sony declined Y8 to Y733 and Y10 to Y4,080; respectively. Nippon Kogaku suffered a Y40 drop to Y1,130.

Bond prices gained sharply in active trading as expectations of a drop in U.S. interest rates grew. The yield on the 7.3 per cent government bonds, maturing in December 1993, dropped from 6.450 per cent to 6.425 per cent, matching the alltime low registered on June 22.

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ADDRESS

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for safe-keeping on my our behalf. I. We declare that I am/we are over eighter years of age. For joint applications all must sign.

BARCLAYS ISLE OF MAN

June 27 \$317.00 COMMODITIES London \$317.25 Zürich \$316.00 \$317.25 June 27 475.35p 472.80p \$315,03 Paris (flxing) \$314.45 Silver (spot fixing) \$315.75 21,085.75 £1,096.50 Luxembourg \$316.75 Copper (cash) \$318.80* \$318.70 Coffee (July) 21,943,50 £1,925,50 New York (Aug) Off (spot Arabian light) \$27,15

CANADA A LOWER trend emerged in Toronto in

FINANCIAL TIMES SURVEY

ISLE of MA

Among today's offshore financial centres, the Isle of Man has good potential for expansion. The island's infrastructure of professional services for the financial sector is undergoing continual development

New mood of confidence

By IAN HAMILTON FAZEY

of Man is summed up that cakes. It is simply that orld markets need respective of the offshore satellites of the three major financial antres of London. New ork and Tokyo. The Isle emphatically by its Banking Inspector, Mr Jim Noakes. It is simply that world markets need respect-able offshore satellites of the three major financial centres of London. New York and Tokyo. The Isle of Man, he says, is the only one left with real room for

Recovery of respectability has been one of the principal fruits of Mr Noakes's presence on the island. He was brought in from the Bank of England after the Savings and Invest-ment Bank collapsed three years ago with £40m of deposi-tors' money.

The official report on the SIB is now in the final stages of completion. If publication does not take place later this year, sources close to the decision-makers suggest that it will only be so as not to prejudice possible litigation against people involved.

But whether the truth emerges through the courts or through publication, the

majority view at ministerial and senior government official level seems to be that final catharsis should occur openly to complete the rehabilitation of the island's image.

The Isle of Man can afford this exposure because of what it has done to prevent recurrence. Inspection has been improved and the infrastructure of professional services for the financial sector has been undergoing constant developed. undergoing constant develop-ment. Auditors, for example, now have to be big enough to afford the premiums on a £10m anoru the premiums on a Louis indemnity for banking clients and a £5m one for insurance customers,

There has been an embargo

"New York, Tokyo and Lon-don all need offshore satellites. London has the Channel Islands and the Isel of Man, but

There has been an embargo on new banking licences since the SIB crash. Only those with

its new chairman of executive council and in effect, the island's "prime minister"—to send a bigh-powered delegation to New York last month to sell the case for growth as an offshore centre.

Wide interest

By all accounts, Mr Noakes was one of the star performers.
along with Dr David Moore who,
as Dr Mann's successor in the
chair of the island's Finance
Board, is the Manx equivalent of the British Chancellor of the

Dr Moore says that a seminar, beld for 65 people, who had been carefully selected from an over-subscribed rush for tickets, bas led to several very promis-ing inquiries. Mr Noakes says: "The message we were giving was something they found diffi-cult to believe. They could not understand why such an island bad not been developed. They wanted to know what the draw-

things now, we would not be offering all the space and other things we have so much of.

the Channel Islands are full up.

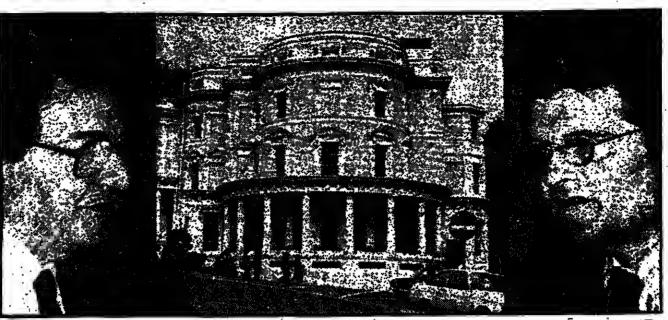
Disenchantment with the Caribbean, particularly after recent drugs scandals, has prompted some American finanprompted some American cial services companies to start looking hard for alternatives And although some on the siland have worned that the S.I.B. would become a cross between a spectre and an albatross to haunt and drag them down, shere have been far more down, shere have been far more street and an albatrost and although the sheet and street banking. significant and recent banking collapses in London, Hong Kong and the U.S.

Bullish elements on the island point out that these happened in well-regulated places. At the time of the S.I.B. collapse, the Isle of Man had only part-time supervision. The supervisory machinery now in place and the quality of its staff — plus the

fact that the Manx Government has spent £1m on the S.I.B. inquiry so that lessons can be identified and learnt— are all seen as key points when selling the island's potential in world financial markets.

If this makes it look as though the financial services sector is assuming an ever-increasing importance in Manx life, then that is because it is true. As never before on the island, people are bowing to the facts and the trends: finance is now the biggest single moneyearner for the economy, contributing 21 per cent.

The manufacturing sector is less than two-thirds of this size, providing 13.7 per cent of income. Tourism is showing a



Dr Edgar Mann (left), the new chairman of the Executive Council and, in effect the island's "prime minister" and (right), Mr Jim Noakes, Banking Inspector. The Government Buildings (centre) at Donglas houses the Tynwald or island parliament.

is under 8 per cent and miscellaneous services together bring in 35 per cent.

All this is among a population of just under 65,000, whose gross domestic product is only £162m and Gross National Product just over £185m.

technology economy.

At present, average only 70 per cent of laud this as an iscential and the product is only £162m and Gross National Product just over £185m. Although great incentives are offered to attract manufac-turers to the island, there is a

limit to what it is practicable limit to what it is practicable to manufacture there. Much established industry is light manufacturing, concerned with high value-added goods that are small or light enough to be exported as air freight. These products are made by small or principle manufacturing the compaction. highly mechanised companies and do not create many jobs. Expanding financial services,

however, will bring employment. Many of the jobs will be in areas such as information technology and will fit in with the view of an increasingly large group of Manx opinion leaders that the long-term aim should be a bighty with the control of the large with the long-term aim should be a bighty with the large with the l the Channel Islands are full up. decline at 10.3 per cent, slightly large group of Manx opinion. "If you look round the ahead of construction at 10.4 leaders that the long-term aim world at existing offshore per cent. Public administration should be a high-wage, high-

At present, average income is only 70 per cent of the UK's. It used to be fashionable to

laud this as an indication of cheap labour costs for manu-facturers, but that has ended: potential disparity with the earnings power of those in the financial sector is unlikely to be good for the dong-term political stability needed to encourage financial sector

not just stable, but in near stasis. This is because the 24 members of the House of Keys—the Lower House of Tyrwald, the Manx Parliament — face a general election in November, 1986. Since they six as independents — there is no party system — they fear to bind their research.

Unpopular or potentially divisive measures will not even be considered before the elec-

ment with the UK, are likely markets, to become key election issues.

Key areas

So might the style in which the island is managed. At present this is via a series of present this is via a series of boards covering such fields as finance, industry, tourism, har-bours and the like. Though linked through the island's executive council, each is largely autonomous. Dr Mann, the new head of Government, sees a progression towards step towards a cabinet system. thrust to Government and

policy-making and take the island away from the pre-sent system, which inevitably ensures that only the simplest, most uncontroversial things are ever agreed quickly. The main consequence in some key areas has been drift and uncertainty. Many realise that this will not help the island's

Many people on the island would have liked to have seen it stay an undeveloped, unspoilt anachronism in the middle of the British Isles, but even most of them acknowledge that things could not have gone on like that for long. With tourism declining and diminishing job congrunties. emiing job opportunities, emigration of the talented young would have accelerated. The economy, with nothing to grow on, would have fallen into a downward spiral.

What concentrated everyone's mind was the SIB collapse. The Manx people are
overwhelmingly honest, fair and
not used to the odium that followed. Putting matters night
forced fundamental reassessment of what the island stood for and where it is going. The inevitability of change and the need to control it was never more obvious. Yet only

IN THIS SURVEY

Banking supervision strengthened Aftermath of SIB collapse Professional infrastructure Insurance exchange piam. Rullion coins The political scene ... Hotel accommodation Profile: Albert Gubay..... Maux Airlines equity Steam Packet merger Property market

New shipping register ...

Tourism sector

Freight services

tionism apparent. This is why
the island is so underdeveloped. If visitors — or enyone else for that matter — were
uncomfortable, the attitude was
straightforwardly one of: "K
you don't like it, there's a boat
for Liverpool at nine o'clock
every morning."

it was then moonceivable that by the summer season of 1985 the hoats would no longer be going to Liverpool, but to an obscure harbour in north Lancashire — and not even at

But there is now in the island's atmosphere a new, emergent confidence. Optimism has replaced the sometimes cynical, neo-Celtic fatalism that was more readily apparent be-

One result of it all is that people — including the Lieutenant-Governor. — have lately been warning each other in pulhe to beware the Manx crab. This derives from a modern fable of Manx fishermen who, when warned by visitors that some crabs in the quayside martet had climbed halfway out of their buckets and might escape, replied that Manx crabs never let such things happen. The rest would pull the climbers back to assure their mutual destruction.
Courageons Vikings, a

four or five years ago there was crabs, are what the job still a strong element of isola now.

Isle of Man The offshore opportu for the richer life

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After three years, 4,000 depositors await full details on Savings and Investment Bank's collapse.

Creditors' concern over delayed reports

Aftermath of the S.I.B. crash

MARGARET HUGHES

IN THE Tynwald (Parliament), IN THE Tynwald (Parliament), earlier this month, Dr Edgar Mann, chairman of the executive council, was asked when the report of the Courtappointed inspector into the affairs of the collapsed Savings and Investment Bank (SIB) would be completed. He was also asked when it — and the report into banking supervision undertaken by officials vision, undertaken by officials seconded from the Bank of England—would be published.

The same questions had been asked in the Tynwald a year previously and Dr Mann said

that his answer would be much the same as it was then. The report had not been finished. But whereas last time he had predicted that it would be completed by the autumn of 1984, this time he was making no forecasts. There was, he said, "no certainty" of when it would be finished.

Completion of the report was, he claimed, the responsibility of the High Court, rather than the Manx Government. But, Dr Mann added, there was "no doubt" that the report would be published with, he said, that prepared by the Bank of England officials.

Depositors who had invested some £42.2m in SIB at the time of its collapse, just over three years ago, have been anxiously years ago, have been anxiously awaiting the publication of the reports which they bope will assist them in bringing their claims against the Government for their failure to adequately supervise the bank.

Given the Government's failure so far to publish the report prepared by Bank of England officials, despite the fact that it was completed at the end of 1982, depositors have become increasingly concerned that the Manx Government will never release its contents because it may be too critical.

Dr Mann's predecessor bas said earlier that it would be "inappropriate" to publish the banking supervision report ahead of the inspectors' report. Even Dr Mann, whilst saying that be sees no reason why the report should not be published, feels that it is "not terribly relevant to the public."

Aggravation

The 4,000 or so creditors, a third of whom were small depositors, are convinced that the banking supervision report will provide them with the evidence they need to prove their cases against the Govern-ment. They base this belief on the fact that since the comple-tion of the report benking tion of the report, banking supervision has been substantially tightened. A former Bank of England nificial, Mr Jim Noakes, bas been appointed as Banking Supervisor.

Although Dr Mann stated that both reports would eventually depositors within this group in-be published, his inability to give any assurances in the £388,000 have filed a suit Tynwald earlier this month as to when this would be, has separate group of three deposi-

Banking

supervision

MARGARET HUGHES

Isle Of Man deposit base

Figures in £m					
	Sterling	Non-sterling	Total	% change	
December 31 1978	342	10	352		
December 31 1979	511	19	530	51	
December 31 1980	692	51	743	40	
December 31 1981	912	120	1,032	39	
December 31 1982	1,013	197	1,300	26	
December 31 1983	1,336	263	1,599	23	
December 31 1984	1,685	345	2,030	27	

further aggravated the deposi-tors. Many of them have already accused the Manx Government of a "cover-up" and demanded resignation of several officials, including the Treasurer, Mr Bill Dawson, whose department was respon-

Since for the danking sector.

Such is the frustration of the depositors, whose total deposits at the time of the collapse amounted to £42.2m, that they are now expected to step up their pressure with a likely pooling of resources by the

Although there have been disagreements in the past between different groups, a greater cohesion bas begun to emerge in recent months, coupled with increased activity on several fronts. There is now a growing view that depositors have sufficient evidence to bring successful cases against the island's Government without needing to await publication of the relevant reports.

One depositor, Coltsfoot, bas already filed a suit against both the auditors—Clarke and Rayton—and the Government. Coltsfoodii a private investment constroods a private investment company representing several businessmen, is owed £322,000 by SIB. A group of some 300 depositors, led by Mr Ken Potts, which has been the most active of the pressure groups, is negotiating with Coltsfoot and its lawyers with a view to taking injury action.

joint action, Mr Potts' group has become increasingly frustrated in their ettempts to bring e case against the government although some depositors within this group in-

Bank deposits show substantial increase

tors, owed collectively £563,000 based outside the Island of Man and so too are the liquidators.

Mr Potts' group has been walting on both the publication of the two reports and a response to their request for the release of an edvance of their due dividends from the pool of funds which the liquidators have already recovered. So far, the liquidators have recovered.

the liquidators have recovered around \$4m, but almost balf of this has already gone in the liquidators own fees and other legal costs. The liquidetors—Mr Michael Jordan of Cork, W. H. Gully and Mr Tim Beer of Peat Marwick Mitchell—after applying to the Court for instructions,

to the Court for instructions, have now offered the depositors a sum of £20,000, after the depositors rejected the first proposal of £10,000. The depositors, however, regard this sum as "derisory" given that their legal advisers have indicated that the brings care through the thet to bring a case through the courts and, if necessary, to appeal and the Privy Council would cost nearer £0.5m.

Rejection

Key factor

The liquidators beve recently written to all SIB's depositors asking them for their views on a joint action and on the disbursement of the £20,000 on a pro rata basis. But given the limited funds which are being made available to them, and with no immediate prospect of the two reports being published, the main depositors groups are now likely to throw in their lot with Coltsfood.

In the meantime a Pana-manian registered company, SIB Depositors Recoveries, estab-lished by Mr Jurgen Mossack, a lawyer, has been advertising in

the Menx Press to all SIB deposi-tors. SIBDR, the advertisements—had been "good" and were still coming in read, has been established so that depositors can combine to-gether to pursue claims for the recovery of thelr deposits
"without baving to provide
further finance for legal costs."
Legal advisers to the Manx
Government bave indicated that

no case would be regarded as a test case for establishing lia-

bility for others. The potential legal costs for any depositor in bringing action against the government, would thus be onerous.

Many of them are virtually pennyless as a result of the

Because SIBDR is incorporated in Panama, the action can

be undertaken on a contingency fee basis whereby: as in the U.S., the lawyer takes his fees on an agreed percentage of any net

sum recovered, only if the ection is successful. Any deposi-

tor responding to the advertise-ment would be informed of the

likely cost of a successful action. SIBDR claims to bave sought

English counsel's advice, which is available for inspection to any bona fide SIB depositor. This concludes that there is a

"very reasonable" prospect of success, and it is not dependent on the publication of the two

Depositors would bave to assign the benefit of their deposits and associated rights of action to SIBDR which would hold them "on trust." If the response is insufficient to war-

response is instancient to war-rant joint action then these rights would be reassigned to the depositors who are urged in the adventisements to take in-

dependent legal advice before

A. H. Simcocks, the Manx-based

responding.

The Manx Government is covered by indemnity insurance, which would cover such action by depositors, although the value of this cover is not known. In an interview with the Financial Times, Dr Mann, who at the time of the SIB collapse-was chairman of the finance-board (the equivalent of chan-cellor of the excheque). cellor of the exchequent, acknowledges that a "fair percentage" of people felt that the
Government ought to have been
eware of the problems at SIB,
but he contends that once the
problems were known, the
authorities had acted "swiftly."

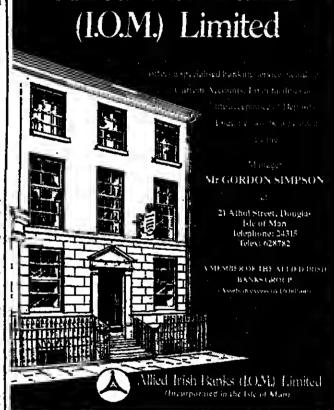
Difficulties

In response to criticism that the Manx Government could have done more since the crashto help the smaller depositors, Dr Mann said that he had felt that this was "very desirable" but that bis attempts to do so had failed because be had been unable to persuade financial inestitutions on the island to put up the necessary funds, esti-mated at the time to be £3nt. The use of government funds, even as a guarantee, had been ruled out because this would involve tarnevere' involve taxpayers' money. The majority — numerically — of Manx taxpayers bad not been SIB customers and could not therefore, be expected to foot the bill.

Indeed, he said, many Main citizens, including some in the island's Government, believed that those who had been attracted by SIB's higher rates of interest should accept that this also usually carried higher. A. H. Simcocks, the Manx-based lawyers who have been engaged by SIBDR to process the initial responses, told the Financial offer appreciably higher responses, told the Financial offer appreciably higher remained that neither Mr turns. Many of the local Mossack nor SIBDR were SIB depositors say they put their money with SIB because it was links with SIB nr its former directors or sharebolders. They also claimed that any funds recovered as a result of a success. covered as a result of e successful action would not be transful action would not be transful action would not be transferred to Panama, but distributed to depositors from the
Isle of Man.

According to Simcocks the

Allied Irish Banks (I.O.M.) Limited Mr GORDON SIMPSON 2) Athol Street, Douglalde of Man Telex: 628782 A MEMBER OF TREATMED BUSH SANKS GROUP Allied Irish Banks (IOM) Limited





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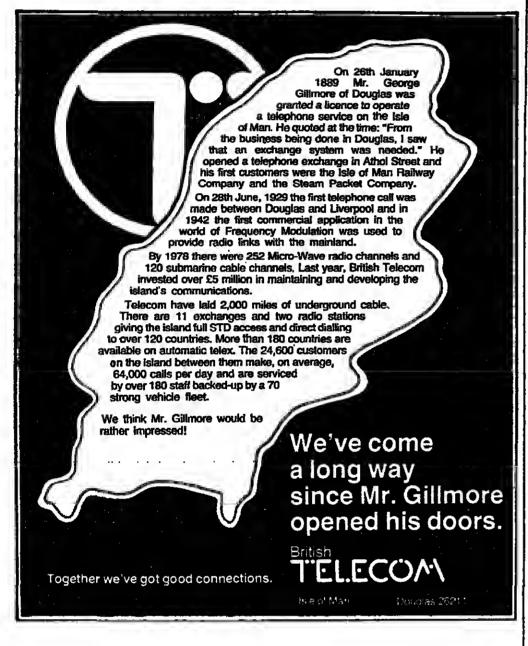
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I DEFY anyone to find a safer offshore banking centre than the Isle of Man." These are the words of the island's oew banking supervisor Mr Jim Noakes, a former Bank of England official who used to be adviser to the Governor of The Monetary Agency of Bahrain which has its own offshore banking has its own offshore banking operations. Mr Noakes was appointed to his present position following the collapse of Savings and Investment Bank (SIB) in June, 1982, which led to strong criti-cism of the island's banking Today, no other offshore ceotre in the world, io Mr Noakes' view, offers the same combination of political stability, clear banking supervision, common law, based on the English system, low operating costs and above all the potential for growth as the Isle of Man. to get in while the cost of offices, staff and bousing is high.

Regulations He is satisfied that banking supervision in the Isle of Man is now second-to-oooe, so

and Irish Overseas Bank in Anguilla. While Mr Noakes is confident

new bank controls

that banking supervision is as back-room operations to service tight as it can be be also recognized banking operations. nises that no system is foolproof against fraudsters.

against fraudsters.

Sloce his arrival the island's 1975 Banking Act has been a moratorium on banking licences since March 1983. At present there are 43 1975 Banking Act has been deposit takers. But Mr Noakes be says have been relatively indicated that this is being few. The main impect has been a moratorium on banking licences since March 1983. At present there are 43 indicated that this is being lifted for top name banks and licensed deposit takers. regulations. He points out that when the island's Banking Act was introduced in 1975 it was in content "far in advance"

To Mr Noakes, the main vehicle for exercising control are the new licence conditions and guidance notes which be has introduced which give him the flexibility to the said that three new licences are being granted. One of these is to Clydesdale Bank which says that a major motive licentees are being granted. One of these is to Clydesdale Bank which says that a major motive licentees are being granted. introduced which give him the flexibility to adjust regulations to the changing environment. While satisfied with the level

which says that a major motiva-tion for setting up on the island is the recent CRT changes in the UK. Another group which is about to set up in the Isle of Man is the Oppenhelmer fund management group. Both will operate as licensed deposit of supervision of both the bank-ing and insurance sectors he would like to see the same standards applied to investment The island is keen to attract other internationally established names. Hopes that a U.S. bank bouses and those offering com-pany formation and management

names. Hopes that a U.S. bank may set up an operation on the island have been hightened by the first ever Government promotional visit to New York in which Mr Noakes participated lest month and will shortly be following up. A similar initiative is planned for Hong Kong while Mr Noakes, with his own Middle East background is hopeful of attracting Arab banks to This, be considers to be " critical" and is therefore anxious that the government addresses the situation since in his view,

growth as the Isle of Man.

All the major financial that the government addresses the situation since in his view, it carries "the seeds of tremendous damage " to the island's reputation.

The SIB collapse and its continuing samifications do not appear to bave bad an adverse impact on the island's present the problems of their own success," namely that they are already full and the scope for expansion relatively small beer compared with Jersey and Guernsey, where bank deposits in the last financial year to get in while the cost of The SIB collapse and its continuing ramifications do not appear to bave bad an adverse impact on the island's present

Middle East background is hopeful of attracting Arab banks to the island.

Mr Noakes is also anxious to were respectively £19bn and £5bn, bank deposits in the Isle

Although growth is not of the same order as the pre-SIB days, deposits have nonetheless risen by 26 per cent, 23 per cent and 27 per cent respectively in the last three years to £2.03bn at the end of last year. In the first much so that some members of his financial commuoity, particularly the offshoots of the major UK banks, consider the regulation to be a little too

Mr Noakes is also anxious to lessen the island's dependence on the UK. Sterling deposits still account for a far higher proportion of total deposits than in the Channel Islands Lest the potential for diversification, be argues, is tremendous.

He also wants to see British building societies open subsidiaries on the island. (The Tynwald is due to pass new legislation for this by the end of this year). The Halitax and major UK banks, consider the regulation to be a little too tough.

To the backs opereting in the Isle of Man Mr Noakes is seen very much as the guardian offshore of deposits by non-pared who will protect both the target of the switch offshore of deposits by non-pared who will protect both the target of the switch in the switch offshore of deposits by non-pared who will protect both the target of the switch in the switch offshore of deposits by non-pared who will protect both the target of the switch in the switch i

angel who will protect both the island's and their reputation and prevent any further debacles like SIB. Several banks source from depositors' income. societies anticipate that the new left as the tight several banks are the interest prosections. debacles like SIB. Several banks source from depositors' income.

Source of collarse but Mr Noakes says the impact UK legislation, due to come into force in early 1987, will allow has been far less than it has begen to hite, some to collapse has been far less than it has later elsewhere like Kingsnorth been in the Channel Islands. them to open up on the island.



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However, a greater value was apparent in the Government mission to New York when Mr Burton and Mr Pell-Hiley spent

a lot of time in their firms' offices selling the advantages of the Isle of Man for American

chlents. Mr Stephen Moorhouse recently did similar services in Coopers and Lybrand offices in

Development of the other

arm of the professional infra-structure the law—is less obvi-

ous, however, but pressure to change is mounting from within

government. At present, the 37 Manx advocates—they practise both as solicitors and harristers—are a closed shop, jea-

transmission, relying on the costher telephone link to Liver-

Manx law is becoming one of the most important in the

Mr Impey, who has not been able to stop work since he started it up four years ago,

after taking a computer course,

expects to gain from the growth of the Manx financial

a unique industrial

base combined with

all the advantages of

overheads. Although

operation in a low

tax area, with low.

the Island is not part of the U.K. or the

EEC, the export market into Europe is

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easily accessible.

bureaucracy.

and distribution

lives on the island.

Requirements

International link-ups increase steadily

Professional infrastructure IAN HAMILTON FAZEY

WHEN Breadner Moorhouse, a amall but expanding island firm of chartered accountants, decided it was time to join a rather larger league, the partners found no end of suitors.

It is a sign of the times on the Isle of Man that four of the big eight" accountancy companies all proposed marriage, if not merger. In the end Breadner Moorhouse turned them all down—it had already set its cap after a fifth of the set its cap after a fifth of the giants, Coopers and Lybrand. A year ago, the practice became a Coopers and Lybrand associate. Since then, both firms have bad a good look at each other and the islanders have proved themselves up to exacting professional standards.

The result of this trial marriage is that Breadner Moor-

riage is that Breadner Moor-bouse is now no more. It has become a full member firm of the international group and now practices as Coopers and Lybrand on the island.

There are other signs of development in the Manx international financial infrastructure. Arthur Andersen announced that it is setting up on the island, too. Meanwhile, they all have a way to go to calch all have a way to go to caich Peat, Marwick, Mitchell and Company, and Touche Ross, both of which have resident partners in Douglas.

Peats has been on the Island

12 years though, until the arrival of Mr Peter Pell-Hiley, it was run as a small offshoot of the Liverpool office.

THE MAIN incentives offered by the Isle of Man are:

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100 per cent allowance of

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training, and re-location expenses.

new manufacturers coming to the

Isle of Man is an

a closer look.

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"We took a conscious decision three years ago to increase resources," he says. Local staffhas since quadrupled to 20.

With particular corporate strengths in servicing banking and insurance clients, Mr Pell-Hiley hopes to pick up considerable business as the financial sector expands. He has already done the island a considerable service by producing what is probably the most straightforward booklet explaining the Manx constitution, legal and tax systems. More than 1,500 have gone to selected Peats clients, worldwide.

Territory and it was regarded as a brave move. But we find one our homework. We have a widening net of contacts and are growing."

The value to the infrastructure of the accountancy giamis was demonstrated this month when Mr Burton ran a seminar on the European Community, flying in Touche Ross's director of European affairs, Mr John Drew. This attracted about 100 Manx political, civil service and business leaders are deal of thinking.

worldwide.

It even rivals the excellent publication of the Island's blggest accountancy practice, Pannell Kerr Foster, whose Pannell Kerr Foster, whose local founder was the Liverpool liquidator of Dumbells Bank, which collapsed in 1900. Pannell's worldwide group ranks only in the mid-teens of the size league, but senior partner Mr James Cain sees the influx of four of the big eight, so far, as good for everyone and certainly as no threat.

Manx financial supervision re-quirements now include audi-tors' indemnity insurance of up as no threst.

He says: "Growth of the financial sector will be in part dependent on growth in the professions. Members of the big to flom, so only the larger firms are likely to be able to eight will only move to a loca-tion if they can see prospects of growth. It will be good for us bid for much of the business the island is now hoping to attract. A lot of it could well come out of their international client networks.

Pannells has been growing, anyway: there were 10 staff in 1954, 18 ten years laier but 70 now, including eight partners. Inevitably, the firm now faces competition for Manx public sector audits, where it has long reigned supreme, but it has a depth of local knowledge and facilities that are a formidable strength.

formidable strength.

Touche Ross's resident partner. Mr David Burton, says:
"We were setting np in virgin

insurance contributions for income tax purposes.

Tax belldays for up to five

years for new companies. This new provision is an

alternative to capital grants and is almed at companies which may become profitable quickly and require little capital

equipment.
A freeport. Although
mooted ahead of UK
counterparts, progress
has been slow. Development is now with British

No composite rate tax (CRT) on bank deposits.

Isle of Man

The offshore industrial opportunity

Moves to set up an insurance exchange

DUNCAN NEIL wants an insurance exchange established on the Isle of Man. He expects the idea to meet hostility in the City of London but bopes that it will nevertheless receive serious attention when the in-itial fuss has died down.

Mr Neil is no crackpot with a half-baked idea. He is the island's insurance supervisor. brought in at the same time as Mr Jim Noakes, the banking supervisor, to righten official inspection in the financial sec-

His own background involved the Mega-risks of the inter-national chemicals industry. He national chemicals industry. He thinks that the Isle of Man could become an important world centre for exactly that sector, together with the insurance of other technology projects, such as launching satellites.

Behind the idea lies what he believes to be a weakness in the London insurance market, where the taking of profits—or losses—year by year works against the build-up of what he calls "catastropbe reserves."

Insurance companies in the Isle of Man can take advantage of the 1981 Exempt Insurance Companies Act. This exempts them from tax on risks written outside the island and includes profits from underwriting or investment income. Distribution to outside sharebolders can also be made without deduction of Isle of Man witholding tax.

Offering more flexibility

lously guarding ogainst incur-sion by lawyers from other jurisdictions. Wide experience of international corporate and Combined with new island legislation, scheduled for this autumn, which will make it possible to establish an intaxation law is an acknowledged The need to allow outsiders in has been pressed now in several official reports and criticism of this gap in the infrastructure is widespread among the supporters of a developing surance exchange, catastrophe reserves could be built up over 10 year periods without under-writers and members of insyndicates noticing financial sector. Apart from anything else, there is likely to be too much for the tiny surance much, if any, effect on their net profits

legal sector to cope with,
Better training of lawyers is
also being considered and the
attorney general has recently
been discussing this with Lancashire Polytechnic's Law They would in fact be built up from tax-exempt gross profits.

The insurance exchange would, in effect, be a local market capable of great flexibility in handling complicated mega-risk" business.

Meanwhile, British Telecom has continued to develop the electronic infirastructure, with first-class telephone facilities, though the island has yet to get its own packet switch stream exchange for local access data transmission. Mr Neil says: "The British insurance industry needs the flexibility that an offshore enetre within the British Isles can give the London market.

"It would have to have between six and 12 syndicates dealing in high technology areas such as satellites and chemical industry liabilities.

However, local access to Prestel has just opened up, among the first beneficiaries being the legal database, Law-"Decisions would be made here, but based on advice in London. Documentation world be issued from here. You could tel, whose creator is Mr Gerald Impey, a retired barrister who ives on the island.

basis rather than the one-year
The database, which is gradbasis of the UK. You could ually expanding to cover all hurid up catastrophe reserves British. Commonwealth and out of continuing profits," he Manx law is becoming one of adds.

Potential members of the exchange would be corporations which have established captive insurance companies to handle their own risks, normal in-surance companies from around the world, as well as those involved in reinsurance.

Mr Neil says: "I would like to see a feasibility study carried jointly by industry and the insurance world."

He himself was a key figure in the 1970s' collaboration between the chemicals industry and major insurance companies on bow to deal with the mounting cost of insuring risks in that sector, following which captive insurance companies became popular as inflation pushed premiums through the roof.

Opportunities for management

He says: "The big question facing world insurance markets is how do you huild up funds to satisfy the needs of the 1990s?"

He hopes that the island's improving reputation as an insurance centre will help the ideas being taken seriously. Two years ago the island was a joke in the insurance world. "There is a much greater awareness in the City now of the Isle of Man as a valid insurance sector. More and more people are coming to look, what we need are more people to live and work here in the business," be says.

The figures speak for them-

selves. From practically nothing in 1982, there are 32 licensed companies now-15 captives, companies now — 15 captives, seven life, six reinsurers, and four in general insurance. Six new ones bave set up this year and one major broker.

Mr Neil wants incentives to Mr Neil wants incentives to persuade brokers who have set up in Guernsey to establish parallel operations in Douglas. He says there are growing management opportunities for capitives as interest in these companies grows in turn with rising premiums for industries with large but unlikely risks with large but unlikely risks with large but unlikely risks. Mr Neil says: "Apart from taxation there are many other advantages bere such as space to move in, solidity and stability.
We need a proper insurance
infrastructure but I am very
buillish about the next few
years."

IAN HAMILTON FAZEY



The Isle of Man's new 1 oz gold Angel coin will soon be available to British and European buyers. The island's platinum Noble is already firmly established in the bullion market.

Golden Angel joins the bullion sector

has traditionally been a popular bullion coin. It has the disadvantage, however, of being an awkward weight, which is a reason why South Africa'a krugerrand, containing an ounce of fine gold, has dominated the bullion market in

Now the krugerrand has two competitors. First newcomer in the field was the Canadian Government with its \$50 Maple Leaf. This is also a fine gold,

1 oz coin.
The Isle of Man, already in the bullion coin field with the the bullion coin field with the platinum Noblc, produced in association with Pohjoy Mint of Surrey, is now entering the gold hullion coin sector with the Angel, This 1 oz coin is, technically, legal tender in the Isle of Man, with a £5 value. It is already on the U.S. market and will be a particular to the coin in the Isle of Man, with a £5 value. will soon be available to British and European huyers.

It was in 1341 that the first coin to bear the name Angel was minted in France, with an English version following in 1465. Both coins bad one common feature—the reverse Michael, slaying a dragon. The last English Angels were minted around 1631, and seem to have been part of the output of the first mechanical coin-producing process of Nicholas Briot.

Following tradition, the Manx Government has retained the Government has retained the ancieut form of the reverse side for its coin. Medallic sculptor Leslie Lindsay was commissioned to design it. The figure of the Archangel Michael, slaying the dragon, is surrounded with a Celtic frame, having, at the top of the coin, the island's own three-leg crest. Isle of Man Finance Board **New Coins**

W. R. CLUCAS

chairman, Dr David Moore is

"It is minted of European gold, and while the Maple Leaf may be the first alternative to the krugerrand, it has proved difficult to handle because of its softness. The Angel has no such problems," he says.

As the Angel coin gains recognition in the world's bullion market, there are plans to mint a family of Angels ranging in size from 10 ozs, which will be a 63mm-diameter coin, to a 0.1-oz coin which will have a diameter of 16.5mm.

In hoth France and England, the Angel has associations with a ceremony of touching for the King's Evil, an ancient tradition that the touch of a hand of the monarch could cure skin complaints.

By the reign of James I, English Angels were pierced with a hole so they could be worn as a pendant. The Pohjoy Mint, where the Angels are struck, is launching jewellery to keep up that tradition; each piece will carry a one Angel

The Nohle, the only platimum bullion coin, is now firmly established in the market. For the present, it is being minted in a 1-oz form, but the Manx Coursement has represent to are Government has power to produce a family of Nohles, ranging, like the Angel, from 10 to one-tenth oz in weight.

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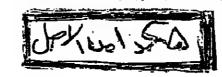
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mean that he will be able to choose for himself after the next elections for the Keys, in November, next year. The November, next year. The development will be significant for the island, bringing a coordinated thrust to central policymaking.

There is understandable nermanical thrust who will be

Significant

changes due

next year

Political

scene

IAN HAMILTON FAZEY

DR EDGAR MANN hopes for

significant changes in the governance of the island dur-

ing the next few years. But if he is cautious it is because he must secure the consent of Tynwald, the Manx Parliament, to achieve them. A single vote of no confidence would remove him in a fisch

the image.

Dr Mann took over in March, succeeding Mr Percy Radcliffe on his retirement. The joh makes him the Isle of Man's "Prime Minister," but it is not quite like such office elsewhere, which is one of the things Dr Mann bopes to see change.

He was elected by the whole of Tynwald, whose Lower House comprises the 24 directly-elected members of the House

of Keys. The Keys elects eight of the 10 members of the Upper

of the 10 members of the Upper
House, the Legislative Council.
Day-to-day running of
Government is carried out by
boards of Tynwald, covering
such areas as finance—where
Dr Mann was in charge—
industry, tourism, harbours and

The executive council used to comprise anyone Tynwald wished to put on it. Now, it

automatically includes the chair-

But constitutional changes

US\$ 1,008 million

US \$ 10.512 million

US\$ 14,348 million

5,153 million

277 million

exceeds 7%

70 Countries

Switzerland

United Kingdom

Thailand

Togo Turkey

Uruguay USA

Zambia

Venezuela

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US\$

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House of Keys

him in a flash.

There is undersumozote nervousness about who will be elected to the pool he can choose from. And Dr Mann-who, as a member of the Upper House, does not have to face the general electorate—will not presume to take the confidence of the new Tynwald for granted.

the new Tynwald for granted.

The result is that many issues on the island have now gone into a political limbo. There is no party system — politicians function as independents—so no one wants to bind their succes-

him in a flash.

Most people think, however, that Dr Mann is quite safe in his new job—the chairmanship of the island's Executive Council, or "Exco," as it is widely known. Stability has always been one of the Isle of Man's long suits and frequent changes of personnel would not fit with the image.

Dr Mann took over in March. However, Dr Mann is pressing on with what reforms he can, co-ordinating the boards more closely than ever. One vital area he is sorting out is promotion. Each board had its own hudget for it and the messages did not always mesh. They are beginning to do so now.
He also wants to set up a

sub-comittee of Exco to plan economic development, although some aspects of policy are already targeted firmly. Population growth is one of them, with a net increase of 10,000 in the next 10 years.

Dr Mann says: "We don't just want millionaires, whatever people think, and people who want to retire here with their assets will always be welcome. But we need vigorous people who can bring skills or money that will help develop our

In fact, there is no immigra-In fact, there is no immigra-tion policy on the island, only control, via work-permits. Dr Mana says that permits will be no obstacle to anyone with skills to offer, particularly in the financial services sector. He himself proves the point, Despite his name, he is an immigrant having moved from immigrant, having moved from Britain only 12 years ago after a former colleague had left him his Manx medical practice.

men of the boards. Dr Mann sees this as a first step towards cabinet government but it does not go the whole way because the "Prime Minister" does not pick his team; Tynwald appoints Nor do immigrants have to come from Britain. Indeed, as the island develops in inter-national financial markets, Dr



Hotel and boarding house owners on the Isle of Man are among the strongest supporters for the ending of the customs agreement with the UK—one of the key political issues to be faced in the island's general election in November 1986

ticular.
One of the issues that has been shelved until after the elections is whether to abrogate

closure or relocation back to Britain if they had to face customs barriers arising from abrogation despite the fact that many find them no problem when exporting to other markets.

Mann would like to see it becoming increasingly cosmopolitan, with many more new residents from Europe in parand a better understanding of what lack of a customs agreewant has done to stimulate the ment has done to stimulate the Channel Islands' economies.
The sight of Irish visitors—who face much higher duties and sales taxes at home elections is whether to abrogate the customs agreement with the UK. This gives the island the same rate of duty on goods as Britain and ties it to the UK's rate of value added tax.

Two years ago, when the issue was last debated, manufacturing industry leaders carried the day amid fience controversy. Some companies threatened closure or relocation back to

and that the resultant reduc-tions in duty would surely pay off, long-term. But be also says that politicians dure not take the risks of transition without mandate, which means that the issue is going to be a hot one in the election.

PROFILE: ALBERT GUBAY

Millionaire with forceful views

ALBERT GUBAY, globe-trot-ting Welsh grocery millionedre, property developer and, from 1983, full-time Isle of Man resident, personifies a commercial aggression that is making some people in the Manx establish-ment rather uncomfortable.

There is a popular feeling that he should enter Manr politics to add some buildozing force to the island's ponderous style, Staccato gestures emphasise and punctuate his reply,

"I don't want to be a big-shot," be says. "I am not interested in politics. I'm not that way inclined because I'm a bloody dictator. That's how it has to be when it's your own money at stake. That's why I am not involved with public

Mr Gubay estimates that his company, Montrose Holdings, would be worth up to £200m if it were capitalised. He made his money out of the Kwik Save supermarket chain, using the proceeds from selling it to compound his fortune with similar ventures in the U.S. and New

Last year, fed up with others making money on his money, he bought the Cektic Bank, on the Isle of Man. In January, he sold his last remaining grocery business—it was in Auckland and settled down in what he

regards as his real home.
He has had a house on the island since 1971 and has lived part of each year there ever part of each year there ever since. His growing business in UK property developments has persuaded him to spend £2m on a 10-seater Gulfstream Commando jet-prop—he can get round several projects in a day and not have to use up any of the 90 nights he is allowed to spend in the UK without being classified as a resident for tax classified as a resident for tax

He is also developing pro-perty on the island, spending £2m on a new building for his bank and £1m on a shopping precinct that will transform retail business in Ramsey. But be does not want these ven-tures misinterpreted: they are not specualtive—the Ramsey project centres on a super-market pre-let to Lipton's and the bank is needed to advance his own business.

Criticisms

As far as entrepreneurialism is concerned on the island, Mr Gubay has gone on strike. The finger stabs the air again. "I am not going to invest further until the Isle of Man Government says clearly where it wants to go. We want firmer guidelines on ettracting new residents and we should abrogate the customs agreement with the UK," he says.

"This island should stop comparing itself with the UK. It's just as valid to compare us with Ireland or Ethiopia. The comparison should be with the Channel Islands. People don't compare supermarket buildings, but the price of Heinz beans in each of them," he adds, criticising what he calls "marketing incompetence and" the isle of the says and the price of Heinz beans in each of them," he adds, criticising what he calls "marketing incompetence and" the isle of the says any time.

"There was no single person to negotiate with. I decided to put my money into the north west where they are more welcoming of new investments to lead to put my money into the north west where they are more welcoming of new investments to lead to put my money into the north west where they are more welcoming of new investments to low a level. Dr Edgar Mann, the new chairman of the Executive Council, is determined to make government decision-making better. He says: "We have never actually met. Mr Gubay has not directly approached any government department about what he feels should be done for the Isle of Man. I would be very happy to meet him, at any time.

new entrepreneurs. The island should be duty free to get people over here to spend more," ha says.

Mr Gubay even wrote to Professor Milton Friedman, offering to pay him a consult-ancy fee to advise on bow to develop the Manx economy. Prof Friedman declined on the grounds of academic commit-ments, but suggested Mr Gubay try Prof Arnold Harberger, instead, Mr Gubay is consider

ing this.

More immediately, be has put up a yearly £50,000 of prize money to attract new manufacturing companies. The first winners will be picked from a short-list of six later this year. There may be one or more prizes—or none. Any of the £50,000 that is not awarded will be given to a Manx charity.

It is a symptom of Manx suspiciousness that some people mutter darkly that his motive must be to acquire interests for his own gain in any promising new ventures that arrive. But Mr Gubay says be just wants a bealthler economy so that every-one, including himself, can benefit in a general way.

Action man

ever, seems to be about style. Probably no government is en-treprenurial enough for the speed of decision-making at which Mr Gubay functions. Red tape and "channels" enrage and tape and "channels" eurage and frustrate him. He is the sort of proven action man who freezes bureaucrate into discomfited, shock-absorbing, unresponsive inaction. He says letters go unanswered and proposals disappear into the Manx network of governing boards.

build a £3m multi-storey car park over them and bus station and air terminal to ease Douglas's chronic parking problem, the main characteristic of which is kerbside anarchy. This plan foundered when his agents told him that he would have to told him that he would have to simultaneously persuade the Borough of Douglas, the High-ways Board, the Passenger, Transport Board, the Airports Authority, and the Harbour Board, all of which could impose conditions, When the Harbour Board vetoed the most logical entrance

because it might cause traffic congestion on the adjoining quay, the Local Government Board's response was a pro-

beans in each of them," he adds, criticising what he calls "marketing incompetence and down-beat style."

"I asked one of the local reporters once why they won't take notice of me. She said that I frightan them. Well, there are only 65,000 people there. It's not much higger than a small business, in international terms."

"I am not prepared to put up speculative money unless the climate is right for attracting new entrepreneurs. The island his views are worth than the standard properties about investment, they are about investment, they are

probably right. IAN HAMILTON FAZEY

Demand for more top-class hotels

LACK of international-class botel rooms has been one of the most widely-criticised pieces of missing infrastructure needed by the Isle of Man's financial sector.

This year's suggested remedy has been to build a modern hotel and conference complex at Ronaldsway Airport. Favoured though this idea is in government circles, there is no sign yet of the real interest

Meanwhile, the island's only sizeable concentration of staudard rooms remains at the 138-room Palace Hotel on Douglas's Central Promenade. The hotel complex includes an exhibition and conference centre, as well as the island's Casino. Hobson's choice has been the usual reason given by many husiness travellers for staying there.

The Palace's response to criticism is, bowever, very obvious this year. So far, it bas remodelled nine rooms as "executive" accommodation, spending about £7,000 on each.
These rooms are well up to
average international standards, with good quality decor
and furniture, trouser press,
ample working surfaces and a
table-top as well as a bedside
telephone.
The developments have followed the arrival as general

lowed the arrival as general situation is classically chickenmanager of Mr Barry Gregory, and-egg with considerable
who has experience of downside risks for a
American hotel-keeping. Along
with four suites, they give the Palace continues to try harder.

Business accommodation

IAN HAMILTON FAZEY Palace a nucleus of higher quality rooms and are already in heavy demand by regular

visitors. About £500,000 has also been spent on the Palace Lido, the adjoining conference and exhi-

bition centre, including advanced electronic equipment and laser lighting.
The Palace's management is

sanguine about potential com-petition. Spokesman Paul Gaskell says: "The winter con-sumes most of the galns wa make each summer. To operate make each summer. To operate the casino, we have to run for 22 hours 2 day throughout the year. There is no strong base of island residents to make the casino pay, so it is not as profitable as it might look."

Although cynics on the island might expect such discourage-ment of potential rivals, many concede the point. It will prob-ably need substantial develop-ment of the financial sector, with a year-round flow of overnight visitors, for the market to become strong enough. The situation is classically chicken-

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Set for an early flotation

Manx Airlines equity IAN HAMILTON FAZEY

PART OF the equity in Manx Airlines will be floated later this year, fulfilling its initial promise to let islanders have a stake in the carrier if it became successful. But what is remarkable is that fintation—involving, initially, a fifth of the stock—comes less than three years efter the airline started operations. A five-year time scale was originally thought the best that could be hoped for.

Manx is going to the market

Difficulties

that could be hoped for.

Manx is going to the market early because it is already paying back its original investors. It lost an expected £250,000 in its second. Chief Executive foundated is expecting doubled profits of £500,000 in 1985.

The key to achieving this completely computerised management systems from the outset, though the first system proved too small and had to replaced within a year (it is now being adapted to do all of the company's word processing).

Sales growth has gone from fr.4m in 1983 to about £8m last year and is budgeted at £10m this. Yet Manx took over the bulk of the island's air services after uphill struggle, constant losses and failure by British Airways. It was formed after its majority shareholder, British Midland, had stepped

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into the breach food marketing is only part of the answer. Analysis of what Mann's management actually does tells inuch of the story and explains what a small, highly motivated, locally-based company can gooced where remote giants fall.

In fact, the management has to be very tight indeed. Tim Stevens, the commercial managements as year now. If the average yield goes down by £2 per passenger, that wipes out the profit. One passenger it is would mean losses too. The balance is very find."

Offers are available.

If the computer shows a drop in yield per flight it may lead to increased promotion for that particular route or to a reduction in capacity—one flight less perhaps—to get the figure back up. Or it may be because a special low-fare offer has proved more popular than anticipated, prompting its early curtailment. The computer has also helped the airline to fight fare-abuse. None of this would be any use at all of course, if there is meeting in Douglas. Were not enough passengers. Overall load factors on the main routes show just how well market and the island's Ronalds way Airport rather than Eesthow, the first London flight Is at 7.40 am, time enough for business people to reach the city for mid-morning appointments.

It set off back to Ronaldsway at 9.20 am, a reasonable hour for south-east travellers to reach Heathrow but which still gives them time to make 11 am meeting outlook. By being have yearly to increase depromotion for that particular route or to a reduction in capacity—one flight less way Airport rather than Eesthow way Airport, rather than Eesthow way Airport, rather than Eesthow way Airport, rather than Eesthow way Airport rather than Eesthow way mant has assessed the market
—London, 64.8 per cent; Manchester, 66.4; Glasgow, 62.3;
and Liverpool, 62.

This level of use is achieved This level of use is achieved despite a drop to only 55 ner cent seat occupation in the worst month of the year. February. Only the Dublin route does not make a profit but Mr Liddiard says that this has to be borne if the airline is to give a truly comprehensive service at the hnb of the Irish Sea, It also files to Blackpool, Glasgow and Belfast, as well as linking the Northern Irish capital with the Northern Irish capital with Liverpool

planes expensive to acquire but expect to be a queue of insati-theap to fly, so you have to get able applicants.

Staff motivation, he says, is

Meanwhile, the islander has until 7 pm before the flight back from London. Under previous managements, Heathrow-based timetables made it almost impossible to do a day's work in London without an overnight

Small wonder then that the London route is busy, with 60,000 passengers a year. Mr Liddiard expects it to get busier, particularly as the island's financial sector develops. So he has just ordered one of the new 18m advanced turbo-prop (ATP) 70-seaters from British Aerospace.

This will be a lot cheaper to five than the Viscount but the capital cost will preclude tarmac idleness. So a third London aervices will start, with

Liverpool.

The other key element in Manx's success was fortuitous. It set up just as the Belfast a hop to Liverpool, in between. It set up just as the Belfast a hop to Liverpool, in between. Manx has also applied for a licence to operate from the Stolport (ahort take-off and bodied commuter aircraft, the last of these part in its starting to sweep into the marketplace with its new wide-bodied commuter aircraft, the last of these part in its starting to sweep into the marketplace with its new wide-bodied commuter aircraft, the last of these part in its starting to sweep into the marketplace with its new wide-bodied commuter aircraft, the last of these part in its starting to sweep into the landing) proposed for the London docklands. This would be an additional London services will start, with a hop to Liverpool, in between. Manx has also applied for a licence to operate from the London docklands. This would be an additional London services. But since it would require investment in a special ised high-technology aircraft, Manx would also need other routes to make it pay, so it has applied to fly from dockland to Park, Brussels and Amsterdam, too.

This mixture of the old and

This mixture of the old and the new forces a chalk-and-cheese situation to operating that many of the 139 staff, most capital assets. Mr Liddiard says:

"New technology makes modern be near the head of what most in the near the head of what most in the stand.

Signs of recovery at last

Property market W. R. CLUCAS

ONE of the mora serious effects of the recent recession, as far as the Isle of Man was con-cerned, was the slump of prices in the property market.

It was the case of too many would be sellers chasing too few buyers: estate agents were overloaded with properties for sale, and often had to persuade

sale, and often had to persuade reliers to settle at well below the original asking price.

Now there are signs that there is a recovery and, while prices are still low, houses are now being sold more quickly; the surplus of available properties is being oradically absorbed. ties is being gradually absorbed. Mr David Gawne of Chrystal Brothers, Stott and Kerruish, says there is a slight improve-ment in demand for domestic property. Although there was little difference in the demand for town or country houses, the market for guest houses is very low, reflecting the depressed state of the tourism sector. Buyers in general are coming from the UK and the Channel Islands.

A spokesman for Cowley Groves notes a distinct upturn in the domestic property mar-ket; the company's main Douglas office reported sales of £1.5m in May.

Demand for housing has been experienced across a wide price range from £8,000 to £300,000. For house-buyers, one prob-lem is that building societies, while they can take deposits, cannot operate on the island, Mortgages come from banks and insurance companies, and and insurance companies, and private sources. For first-time buyers, the Manx Government operates a building society type mortgage system, with the rate of interest being just raised to 11 per cent.

Legislation before the British Baritament is libely to allow

them in the air as often as possible.

"The Viscount on the other hand, came cheaply but running costs are high. So we don't mind it sitting around on the tarmac between London flights," he adds.

The 73-seat Viscount is used on the twice-daily London route and tells an interesting tale of the action is thought likely as the property of the action is thought likely and tells an interesting tale of the applicants.

Staff motivation, he says, is already high because of the aircady high because of the ai

Manx Line wins the shipping war

Steam Packet merger

IAN HAMILTON FAZEY

THE ISLE OF MAN'S sevenyear shipping war ended in the spring with the surrender of the ancient, venerable and quality old-fashioned Steam Packet Company to the overwhelming resources. whelming resources of the invader, the Sealink-owned

Manx Line. The surrender was complicated and not unconditional.
The effect was to merge the two The effect was to merge the two companies operations, with the Steam Packet acquiring a new company, Manx Line (1985), in exchange for giving Sealink a

exchange for giving Sealink a
40 per cent stake.

And although the steam
packet is responsible for
managing the merged services,
the whole transaction was
dependent on its agreeing to
drop its 150-year-old link with
the nearest big city, Liverpool,
substituting Sealink's remote
and dreary north Lancashire
harbour at Heysbam as its main harbour at Heysbam as its main UK terminal

Not the same

Life on the island has not been the same since. The small sbareholders had insufficient stock to stop the merger and keep the cherished link to Liverpool. Theoretically, Sealink's holding is not a majority one but the reality is that the reality is that the reality is the rower. one but the reality is that it is a controlling interest: the power are for the Douglas Quay, the steam of the other shareholders has been diluted and is fragmented anyway. On top of that, the list of Man Government voted its 15 per cent for the merger.

The reason why was the Government's duty to secure a reliable link to the UK mainland. What was happening was that both shipping times were losing money in a market declining with the traditional steam Packet needed 44 people.

tourist trade.

But the Steam Packet lacked operations. They were paid Sealink's wider corporate Merseyside rates, putting conresoures and was nearer to siderable labour relations foundering. Its directors say pressure on the Steam Packet that another winter's losses for its dockers in Douglas to be would have sunk it, losing its given parity in terms of jobs—sharebolders' money and leaving Sealink with absolute Douglas—and wages.

power. The merger salvaged everyone's interests.

The reality of who is in charge is emphasised by the fact the Manx Line's main asset. a roll-on roll-off (ro-ro) car and freight ferry balled the Manx Viking, was not included in the sale. What the Steam Packet got was mainly goodwill: it has to charter the Manx Viking from Sastink.

from Sealink.

On top of all that, Sealink has put in its own man, Captain Andrew Douglas, as marketing manager. What is remarkable bere is that Capt Douglas was a founder of Manx Line—Sealink bought it in 1980—and worked on afterwards as chief execu-

Four years ago relations between the two companies were bitter—and Capt Douglas told me be would never forgive Steam Packet directors for rejoicing publicly when Manx
Line's linespan—the adjustable
ramp that gives access to a ro-ro
—was severely damaged in a
gale. The damage curtailed the company's operations for months and helped precipitate its sale to Sealink.

Although there is widespread

It was only that the Transport and General Workers' Union was slow to exploit this bargaining power that pre-vented crisis developing more quickly. As it was, when faced with losing the Steam Packet for good, the Mersey Docks and Harbour Company was sud-denly able to offer a reduction in manning to 21. By then, it was too late.

Savings

Captain Douglas says that crossing to Heysham is 13 miles shorter, producing a 25 per cent saving of fuel that will be worth £500,000 in a fuil year. Heysham's lack of facilities are though' irrelevant since the purpose of going there is to pass through as quickly as

Deputy Ceneral Manager Mr Dick Reeves says that it takes only 10 minutes longer to get from the Heysbam Quay to Birmingham, compared with the journey from the Liverpool Pier Head because the 20 miles of Head because the 30 miles of extra, driving is nearly all motorway.

sentiment for the Steam Packet, most people see its passage into Sealink's sphere of influence as inevitable. Convenient as they are for the Douglas Quay, the Steam Packet's arguments would have gone down better on the island, however, if it had not had some unfortunate experiences with a second-hand ro-ro it bought last winter the still the write. This ship the hand ro-ro it bought last winter to sail the route. This ship, the Mona's Isle, is widely known now as "The Banana Boat" because it is bent six inches out of line amidships. Capt Douglas says this does not matter—the Manx Viking has a slight but permanent list to starboard, for Instance, and nperations are not affected.

Nostalgia

Meanwhile, the confidence of islanders remains shaken. Day trips to Liverpool for shopping are recalled fondly, even if most people hardly ever made them. Nostalgic stories are retailed of fresh vegetables being rushed from Liverpool Market to the quayside by taxi to eatch the boat, despite the fact that referenced. frigerated containers are the only way to actually shift enough supplies.

In the final analysis, the

Steam packet had to succumb to commercial reality, whatever its status as a major Manx institution. That reality was getting grimmer: earlier this month T.T. passenger traffic was nearly 11 per cent down. As the Manu shipping war has proved, the declining tourist market cannot support two operators.

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Steady flow of inquiries

New shipping register

W. R. CLUCAS

WITH THE coming into force on the island of the interna-tional Safety of Life at Sea Convention on July 1, the Isle of Man Shipping Register comes

(vice-chairman), of the Isle of Man Harbour Board, announced the board's intention of seeing

ment of Trade and Industry, and later with the Department of Transport had to be set up. Throughout these lengthy consultations, Mr MacDonald stressed the board's good relations with the British Government and that the heard's lengthy

Tynwald's approval. Steadily, new measures were

modern Maritime Law Code, and has already shown, through cases brought before the courts by the Harbour Board, that it intends to enforce this code. It was, perhaps, by way of a trial run that the island set

up a pleasure craft register in 1976. This streamlined system into being.

It was in 1974 that Wing requirement of which is that Comm Roy MacDonald (chairman), and Mr John C. Clucas carries a faumber plata — has gained international recognition, being accepted in the same independent shipping registration of yachts in other ter set up.

wo paths bad to be followed: which must be prominently disregister set up.

Two paths bad to be followed:
Negotiations with the Departiment of Trade and Industry,

register set up.

countries. The number plates,
which must be prominently displayed, are also an aid to safety
measures.

When the island established its own Customs Service, the Fishing Boat Register came under the control of the Har-bour Board. Manx customs officers became ship registra-tion officers, on behalf of the UK Government. Shipowning, managing or chartering, company setting up on the island, can either take uk Government.

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ever, the board's strict regula-tions which include a power to refise to register any vessel, and has not followed the UK

Legislation passed by Tynwald enables the island to become a key seafaring terri-tory. It can issue international certificates, accepted worldwide, allowing Manx-registered ships to proceed without hinderance. There is an important condi-tion for acceptance of a ship: it must be accepted as a British vessel under the 1894 Merchant Shipping Act and be owned or managed hy a British citizen, resident on the island, or by

a Manx-incorporated company which has its principal place of husiness on the island.

What, then, are the advantages of the Manx register?

For shipowners or managers, the headst-are for extending the formula of the formula principal pr the benefits are financial. Direct taxation is low; income tax is at the single rate of 20p; and there is no other direct taxation

tions with the British Government, and that the board's plans were made with the full approval of the UK.

The other path was within the island itself. While there was some martime law on the Manx Statute Book, it was, hasically, British Maritime Law applied to the island, with officers, on behalf of the advantage of the Income Tax (Exampt Companies) Act which the register was announced, the National Union of Seamen criticised it, claiming that it could become a register for subhasically, British Maritime Law applied to the island, with officers, on behalf of the island, can either take advantage of the Income Tax (Exampt Companies) Act which can apply to earnings arising outside the island; or they can elter take outside the island; or they can elter take to contain the island of the interest of the island; or they can apply to earnings arising outside the island; or they can elter take outside the island; or they can apply to earnings arising outside the island; or they can apply to earnings arising outside the island; or they can apply to earnings arising outside the island; or they can apply to earnings arising outside the island; or they can apply to earnings arising outside the island; or they can apply to earnings arising outside the island; or they can apply to earnings arising outside the island; or they can apply to earnings arising outside the island; or they can apply to earnings arising outside the island; or the island of the island o

A battle against costs

LIKE MOST islanders, the people of the Isle of Man have to import many of their material needs which, in turn, means that importers have to meet freight charges. And with the arrival of roll-on, roll-off ships this meant high costs for bulky cargoes.

As importers sought to keep down costs, and they found it cheaper in many cases for suppliers to transport goods to a ships. Ramsey has been chosen oliers to transport goods to large port, then ship them to for the Manx terminal because the island by 2 local freight Donglas, the main commercial port, operates the dock labour port, o

incommany which has here tem, with handling that this system is the Ramsey-based Mezeron Shipping which operates two scheduled weekly services between Ports. weekly services, between Ram-sey and Glasson Dock and Ramsey and Bangor, Northern Ireland. The company has two 199-ton gross ships, the Laxey River and Sulby River, which carry a wide range of cargoes for many major Manx com-panies. carry a wide range of cargoes for many major Manx com-companies.

The company also plans a Meseron was formed. Although

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1/10th troy oz of fine platinum.

actual size to show detail.

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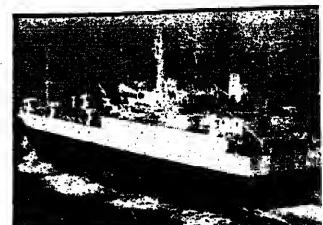
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Tourism sector

W. R. CLUCAS

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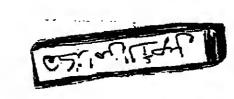
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Steady flow of inquiries

New shipping register

W. R. CLUCAS

WITH THE coming into force on the island of the interna-tional Safety of Life at Sea Convention on July 1, the Isle of Man Shipping Register comes

(vice-chairman), of the Isle of Man Harbour Board, announced the board's intention of seeing

ment of Trade and Industry, and later with the Department of Transport had to be set up. Throughout these lengthy consultations, Mr MacDonald stressed the board's good relations with the British Government and that the heard's lengthy

Tynwald's approval. Steadily, new measures were

modern Maritime Law Code, and has already shown, through cases brought before the courts by the Harbour Board, that it intends to enforce this code. It was, perhaps, by way of a trial run that the island set

up a pleasure craft register in 1976. This streamlined system into being.

It was in 1974 that Wing requirement of which is that Comm Roy MacDonald (chairman), and Mr John C. Clucas carries a faumber plata — has gained international recognition, being accepted in the same independent shipping registration of yachts in other ter set up.

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Two paths bad to be followed:
Negotiations with the Departiment of Trade and Industry,

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countries. The number plates, which must be prominently displayed, are also an aid to safety measures.

When the island established its own Customs Service, the Fishing Boat Register came under the control of the Har-bour Board. Manx customs officers became ship registra-tion officers, on behalf of the UK Government. Shipowning, managing or chartering, company setting up on the island, can either take uk Government.

Freight

services

W. R. CLUCAS

THE NOBLE

1 troy oz.

platinum.

of fine

ever, the board's strict regula-tions which include a power to refise to register any vessel, and has not followed the UK

Legislation passed by Tynwald enables the island to become a key seafaring terri-tory. It can issue international certificates, accepted worldwide, allowing Manx-registered ships to proceed without hinderance. There is an important condi-tion for acceptance of a ship: it must be accepted as a British vessel under the 1894 Merchant Shipping Act and be owned or managed hy a British citizen, resident on the island, or by

a Manx-incorporated company which has its principal place of husiness on the island.

What, then, are the advantages of the Manx register?

For shipowners or managers, the headst-are for extending the formula of the formula principal pr the benefits are financial. Direct taxation is low; income tax is at the single rate of 20p; and there is no other direct taxation

tions with the British Government of the board's plans were made with the full approval of the UK.

The other path was within the island itself. While there was some martime law on the Manx Statute Book, it was, hasically, British Maritime Law applied to the island, with officers, on behalf of the advantage of the Income Tax (Exampt Companies) Act which the register was announced, the National Union of Seamen criticised it, claiming that it could become a register for subhasically, British Maritime Law applied to the island, with officers becams ship registracher chartering, company setting up on the island, can either take advantage of the Income Tax (Exampt Companies) Act which can apply to earnings arising outside the island; or they can elter take to could become a register for subhasically, British Maritime Law applied to the island, with

A battle against costs

LIKE MOST islanders, the people of the Isle of Man have to import many of their material needs which, in turn, means that importers have to meet freight charges. And with the arrival of roll-on, roll-off ships this meant high costs for bulky cargoes.

As importers sought to keep down costs, and they found it cheaper in many cases for suppliers to transport goods to a ships. Ramsey has been chosen oliers to transport goods to large port, then ship them to for the Manx terminal because the island by 2 local freight Donglas, the main commercial port, operates the dock labour port, o

incommany which has here tem, with handling that this system is the Ramsey-based Mezeron Shipping which operates two scheduled weekly services between Ports. weekly services, between Ram-sey and Glasson Dock and Ramsey and Bangor, Northern Ireland. The company has two 199-ton gross ships, the Laxey River and Sulby River, which carry a wide range of cargoes for many major Manx com-panies. carry a wide range of cargoes for many major Manx com-companies.

The company also plans a Meseron was formed. Although

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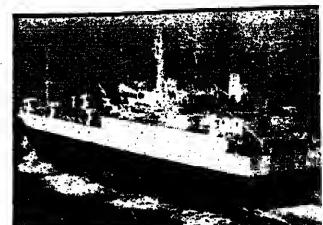
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